

## DENVER—Queen City of the West

DENVER is one of our youngest cities. It is still less than one hundred years old. The city was founded by gold seekers in the year 1858 and named for the Governor of Kansas, General James William Denver. With the completion of the railroads through the Rocky Mountains, Denver grew steadily toward the position that she holds today: commercial, manufacturing, financial, cultural and provincial capital of the Rocky Mountain West, comprising one-third of the area of the United States.

With a metropolitan population today of 645,000 and an influx of 20,000 newcomers a year, Denver is justly known as one of the fastest growing cities in America.

Denver is the highest large city in the United States—5,280 feet above sea level. The high elevation and abundant sun and large body of water make it a dry, invigorating atmosphere. Golden weather as Denver is called 305 days a year. The proximity of Denver to the Rocky Mountains makes the city a growing vacation spot. A system of mountain parks maintained by the city within a few minutes' drive of Denver is a unique and

valued in civic recreational development. The parks consist of 25,000 acres of land, located at intervals over several hundred miles of territory. They are connected by fine mountain highways.

Denver is a city of diversified activity. While there are more than 1,000 manufacturing plants, no single industry or plant dominates. Leading industries are: food products, printing and publishing, and machinery.

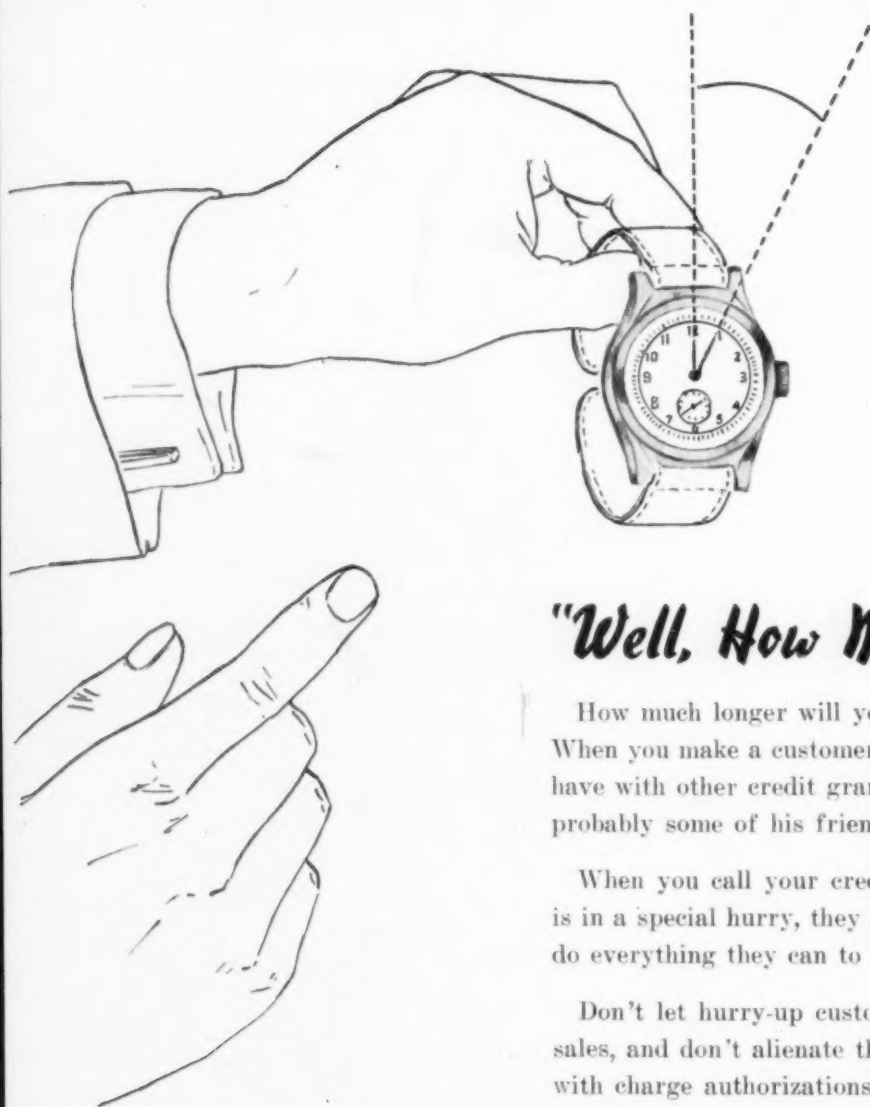
National decentralization and deconcentration programs have concentrated many new industries in Denver, due to the geographical location of Denver in the center of the prime decentralization area, the Rocky Mountain West.

Denver holds the title, officially and unofficially, of "Second Capital of the United States." The city has the next largest number of Government offices, second only to Washington, D.C. Denver's skyline is rapidly changing as five new skyscrapers grow in the downtown area.

"City of the Rockies" appeals to every man. Denver, standing at the edge of a new era, welcomes all to help build a new future in the West.

# The Credit World

February 1954 Volume 1 Number 2



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# The CREDIT WORLD

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EDITOR

☆

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ASSOCIATE EDITOR

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A black and white illustration of a train on tracks. The tracks run diagonally from the top left towards the bottom right. A switch mechanism is visible on the tracks. The train is moving along the tracks.

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# Credit IS the Life of Business

Dr. Cecil Puckett

Dean, College of Business Administration, University of Denver  
Deputy Chairman, Board of Directors, Federal Reserve Bank of Kansas City

**T**HE EXPANSION of credit has influenced the development of business and industry in this country to such an extent that we have become the greatest industrial nation in the world. Credit has made it possible for industry to build physical plants, equip those plants, employ labor, and produce goods far in excess of that which could be produced without it. Credit has increased quantity buying power to the extent that purchases may be made in excess of dollar assets of individuals and used while cash is being accumulated to pay for them. This all holds true for convenience goods as well as durable goods and capital investments. Therefore, along with our industrial development has come a standard of living for the American people such as is known by the people of no other nation.

The economic structure of this country depends, however, upon the maintenance of sound money and sound monetary policy. Our economy must be stabilized to the extent that the American dollar must buy in equal value on the current market what it is supposed to buy. When money gets too easy, then we may be faced with the problem of too many dollars chasing too few goods, and the result is a rising spiral of price inflation. Should markets slacken and sales slump in a period of easy money, huge inventories may be built with the hope of rising prices. Should those markets fail to rally, the inventories would have to be dumped onto the market in order to obtain working capital. This would cause further deflation in prices, insolvency or even bankruptcy of business firms, reduced jobs, and a marked business recession which may result eventually in a financial depression. If money gets too tight, then the economy may be faced with the problem of too many goods chasing too few dollars. Sales fall off, inventories build up, factories cut production, men are laid off, and depression or recession results.

A person charged with the responsibility of investigating a potential customer's character, his family background, his previous credit experience, and his financial situation in preparation for making a decision as to whether or not he is a good credit risk, must also become a student of economics if he is to render to his organization the most effective service. He must be able to detect various indexes which will indicate the movement up or down of business activity. The rise and fall of the stock market, the attitude of Congress toward price supports, and the activity of the steel, automobile, building, and real estate industries are only a few of the signs of either increased or decreased economic activity.

Aside from the general feeling of the people with whom daily contact is made, there are sources readily available to the credit man from which he can get information that will enable him to determine economic trends. For general information, the daily newspaper is one of the best sources. The front-page articles and

the columns of Washington correspondents give up-to-the-minute detail of congressional activity. A careful evaluation of the classified advertising columns of houses for sale in relation to wanted to buy, houses for rent in relation to wanted to rent, the number of used and new cars for sale, and jobs wanted as compared to jobs available, gives to a person who follows this section closely an idea of the general stability of the local economy. More detailed information, of course, may be secured from technical magazines, clearinghouse statements, bank statements, government bulletins (particularly those issued by the Department of Labor and the Department of Agriculture), the *Federal Reserve Bulletin*, and many other sources.

Obviously, in this democratic system of ours the individual must receive maximum consideration. In granting credit to the individual, character, personal references, previous credit experience, family obligations, and personal assets must be investigated and given considerable weight in making favorable decisions. In addition to these personal assets, considerable weight must be given to his financial balance sheet and his income and expense statement. This personal attention is necessary in order to establish and maintain the good will of the individual, as well as that of his friends and associates, toward the organization from which he is seeking credit. Furthermore, it is necessary because of keen competition and the desire for business volume, to give the prospective customer the benefit of at least minor doubts. Although this amounts to a somewhat questionable credit policy and may result in a greater percentage of bad debts in relation to gross sales, it is practiced by many companies.

## ***Danger to an Efficiently Operated Company***

But the real danger to an efficiently operated company comes only at intervals and follows closely the business cycle which may begin at any point in the following sequence: (1) prosperity, (2) crisis, (3) depression, and (4) recovery. Depressions and periods of prosperity have occurred throughout American history. For example, there have been depressions with varying degrees of severity in 1875, 1885, 1894, 1904, 1914, 1921, 1930, and 1939. Thirteen major depressions and 22 major periods of prosperity occurred from 1844 to 1929, sinking at times to low periods of financial panic and rising at others to great periods of prosperity. Between depressions, of course, each step in the business cycle has been completed.

There are always reasons back of each step in the business cycle. For example, the depression of 1837 and 1838 followed a land-bank credit boom and credit inflation. Almost all of the banks in the country except those in New England failed. Almost 90 per cent of

the factories in the eastern part of the country closed their doors and ceased operation. Then followed the cotton boom of 1839 after which most of the states repudiated their debts, throwing the country into another depression which lasted from 1840 to 1844.

The stock market crash of 1929 started the greatest depression in history. Commodity prices dropped sharply; banks closed their doors; agriculture, industry, and business slackened; and almost ten million people were forced to join the ranks of the unemployed. Every movement affected something else: no industry, no jobs; no jobs, no money; no money, no buying power; no buying power, no sales; no sales, no business; no business, no jobs; and so on into a vicious cycle of business depression. There were few businesses who had bought on credit that could pay their bills. Business firms with heavy outstanding credit could not collect from their customers. As a result, hundreds of business organizations were forced into bankruptcy.

In this country, production is geared to consumption and our economic system is based upon the interrelation and interdependence of production, distribution, financing, and accounting. If any one of these fails to function in harmony with the others, the whole system may suffer serious disruption or may break down completely. Prosperity as we know it, then, is based upon near maximum production and near maximum consumption of goods.

The period of crisis in the business cycle is a period when prices move up to a point where both business and consumers hesitate to make contracts to buy, with either the hope or the fear of a decline. As this point is approached, inventories accumulate, sales decrease, business slumps, industry slows down, payrolls grow smaller, money becomes scarce, and recession begins. Usually at this time, both the federal government and the Federal Reserve System set into motion such machinery as they have at their disposal in an attempt to bolster the economy. If the delay has been too long, numerous industries fail because they are unable to liquidate assets rapidly enough to forestall complete financial collapse.

### How Depressions Operate

If business and industry does collapse and money becomes tight to the extent that too many goods are chasing too few dollars, then the economy of the country is in a state of depression. It is at that time that people not only cannot buy, but people who may have accumulated debts during the periods of prosperity or periods of crisis, cannot pay. The inability of a business to collect from its customers only adds to its distress, brought on by declining sales and losses on the sale of goods at a price which may have been lower than the cost of those same goods, acquired during the period of prosperity.

The period of recovery in the business cycle appears when confidence in the economic system begins to be re-established. Because of various forces at work, money begins to ease, credit is loosened, banks become more liberal with loans, industry begins to borrow, factories speed up production, employment increases, more dollars pour into the consumers' pockets, and sales volumes begin to increase. This period leads directly into a period

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of prosperity when the dollar is sound and buys what it is supposed to buy in goods and services of equal value.

The consumer is directly affected by each phase of the business cycle. When money is easy, people can buy. When money is tight, people cannot buy. As money begins to tighten, one of the first places it begins to show is in the durable goods. It is a perfectly natural thing for a person who begins to feel a financial pinch to get along with the old automobile for awhile, or decide not to buy the new electrical appliances he had planned. In other words, he will get along first of all without those things which are not absolutely necessary to his livelihood, that is why the stock market and steel industry become good guides to the various steps in the business cycle.

When money becomes easier, people begin to buy those things which they have refrained from buying. They begin to make replacements of things which have worn out or have become obsolete during the waiting period, such as new clothing, new home repairs, new furniture, new machinery, or new automobiles. It is during this period of prosperity that business booms because of easy money through increased payrolls and credit expansion.

Obviously, no industry wants to contribute to a move toward a depressed economy by tightening credit too much and thereby instilling fear of financial panic into the hearts and minds of the people. But smart businessmen must be alert to the economic trends of the business cycle and be always aware of the fact that if the supply of money tightens too much, business inactivity will result. And, of course, businessmen must be aware of the fact that with business inactivity will come a period of difficulty in collections from those to whom credit has been granted.

One of the greatest assets of a business or industry is a sound, effective, and current credit policy. That is why industries attempt to employ the best men to operate their credit departments. Even the most inexperienced credit men know that overexpansion of credit is costly and dangerous. But credit executives must not only have an understanding of credit policy and techniques, but they must also be students of current economic trends in order to know when to expand and when to tighten credit. Those who do possess both of these assets and closely study the current economic literature, are in a position to give great service to their employers. ★★★





# Denver Bursts Its Seams

Margaret J. Scouler

Credit Manager, Hopper Furs, Inc.

President, District Nine, National Retail Credit Association  
Denver, Colorado

LITERALLY and figuratively, "Denver has truly burst its seams."

Let me take you back to 1858 when they named the new City "Denver," in honor of J. W. Denver, Governor of the Territory of Kansas. The cabins at that time were the prevailing style of round logs and dirt floors. In 1860, they did not have a building over one story.

The epic of the West is known to all: the lure of gold which was found, and fabulous fortunes were made. Later, great numbers came seeking health, which they also found in the "City Above the Clouds."

The wealth of the mines made men rich in a day, and those who had won riches and fame came one after another to lend Denver of their genius and working energy. Just imagine the fantastic but true story of the "Little Pittsburg Mine" in Leadville. This was "grubstaked" (the early form of Credit in Colorado, when a man's word was his bond) to two men (picks, shovels and pans), with an agreement to divide by thirds whatever they might find. The man who extended the credit received an income from this one venture of \$85,000 to \$100,000 a month and no "income taxes" to pay.

Naturally, such fabulous incomes soon became apparent in homes and lavish living. Take the Hammil House in the mining town of Georgetown, today an hour's ride from Denver over beautiful and safe roads beside breathtaking mountain streams. This beautiful home has wallpaper which was brought from France at a cost of \$50 a roll and is still good today, five Carrara Marble mantels from Italy, gold-plated hardware on doors, conservatory and fountain in the yard. All this was brought to the mining town over hazardous roads in the "Covered Wagon." Half-century-old catalogues (no doubt the beginning of Montgomery Ward's and Sears-Roebuck's famous catalogues) tell us of such items as a "Gentleman's Wig for \$7.50" and to state "whether curly or straight, middle or side parting." Tombstones were made of Barre granite (name engraved upon it for \$24.18) and many of these old tombstones are in evidence today.

Soon, this great wealth found its way into Denver; all lines of business found impetus in buildings, railroads and industry. Then with the various crashes and panics, with silver devaluated, Denver was lulled into an apathetic state where there were no deep depressions nor booms.

A City, just like people, cannot lie dormant too long. They must go either forward or backward. But Denver was roused from this dormant state and had begun to peck open its shell and look "Outward and Upward."

Denver has great potentialities of becoming the metropolis of the Golden West. New factories have been started, the livestock center expanded, military field, oil, sugar, and airplane center have been improved. We have one of the finest Airports in the Country. All this has necessitated the erection of new buildings to

cope with the great revival in business.

This in turn brought more people to Denver (especially those who had spent a vacation here and were anxious to make Denver their home). With the increase of industry in every line, they were enabled to find work, which is essential for the progress of a City.

With the surge of newcomers, the housing boom has taken hold of Denver, and you can look to the North, East, South or West and see vast housing projects and beautiful homes being built. Denver has long been known as the City with beautiful homes and trees.

And now Denver is looking "UPWARD." The usual height of the Buildings was from 8 to 10 stories—but it took Wm. Zeckendorf of New York City and the Murchison Bros., of Dallas, Texas to see the vast possibilities of Denver. Mr. Zeckendorf is erecting the 24-story Mile High Center at 17th and Broadway, and the 23-story Statler Hotel to be erected on the old Court House Square. The Murchison Bros. are erecting a 24-story Denver Club Building. This Building has offered the space, lighting and custodial service for a non-sectarian chapel on the second floor of the new building; other expenses for equipment will be met by the Denver Lions Club. The chapel will seat 40 persons and will be open to the public when building is completed—truly a wonderful and praiseworthy innovation. With these and many other buildings being erected, it is easy to understand how Denver has passed the eighty million mark in building permits this year, an all-time record. To watch these buildings take form while the intrepid steel workers add story upon story to new heights, is awe-inspiring to the people of Denver.

Where does credit enter this picture? If a city has doubled its population in the last ten years and is working toward the million mark, it is naturally reflected in business. So, industry has mushroomed in Denver and is reflected in retail stores, banking, insurance, etc. The Credit Bureau of Greater Denver has been the hub of all this activity and has also been strained to the bursting point, which called for the moving into a larger area under the guidance of Don Puffer, General Manager. The Bureau, with nearly a million Credit Reports on file, can now cope with this onslaught of new business. This is a far cry from the early days of the Credit Bureau, which was guided by our good friend, the late Chas. M. Reed, with the able assistance of Mary Grover, who served so faithfully for many years.

In the early days, Denver was considered the ideal spot for the White House, but that was before the advent of the airplane, which has made any city vulnerable to attack. However, Denver was the scene of the "Little White House" when it played host to the President and Mrs. Eisenhower during their Summer vacation.

We are very proud of Denver, and it will continue to "Burst Its Seams."

★★★



# Rehabilitation of Accounts

C. R. Wark

Credit Manager, The Daniels & Fisher Stores Co.  
Denver, Colorado



"There is nothing basically new in credit." However, we are all interested in the rehabilitation program, and it occurred to me that some of you might wish to know of a plan such as is used by a group of large Denver stores.

Most credit men will agree, I believe, that the customer who has a tendency to overbuy on a monthly charge account, and the ones who, through loss of income or other unforeseen circumstances, are unable to meet their bills as they are due, eventually comprise a large portion of the past-due and possibly write-off accounts on the ledgers. There are, of course, a host of other reasons. Financial difficulties due to unforeseen circumstances could happen to any, or many, of your valued charge account customers. Denver is a city where, because of the fine cooperation of our Credit Bureau, the vast majority of the people are conscious of their credit standing.

Several of the larger department stores cooperated in a plan some years ago whereby the overburdened charge account customer could settle his debts through a note arrangement with a well-known local bank, and the store would then receive payment in full at once. The customer first signifies his or her desire to settle his account through a note arrangement over a 6-, 9-, or 12-month period of time. Usually this desire is prompted by collection pressure from the stores. Sometimes the request is voluntary because of the subtle suggestion conveyed by the circulars describing this plan which are enclosed with some of our collection letters on larger past-due accounts.

Few questions are asked of the customer by the bank, because the loans, by previous arrangement with the store management, are guaranteed in writing by the store. The credit manager, on receipt of cashier's check and guarantee form from the bank, in full payment of the customer's bill, signs the guarantee and returns it to the

bank for their file until such time as the note has been paid in full. All note payments include interest of six per cent per annum, and are made direct to the bank. The customer's account is immediately inactivated until the bank note is paid in full, at which time the rehabilitated customer's account is re-opened. In the event the customer defaults in payment of the note the bank's collection department puts forth considerable collection effort. Should they fail to collect, the bank calls upon the store to make good on the guarantee and the store check is sent to the bank for the unpaid balance.

The stores in Denver who subscribe to the above plan have had favorable customer reaction to our policy of helping them out when in trouble, and we have benefited in retaining the customers' good will and continued patronage. It is interesting to note that few of our guaranteed loan notes are defaulted. During the past ten years customers' account loans totaling \$325,504.37 have been guaranteed by our store, and in the same period of time we have been obliged to refund only \$14,382.74, being 4.8 per cent of the total.

The banks are pleased to have this type of installment loan business because with the guarantee from the stores there is no possibility of loss to the bank. Many of you no doubt handle your own paper on notes receivable on charge accounts that become past due, but that is not always helpful to the customer who has to combine several large accounts. Furthermore, experience has shown us that the customer is more likely to pay his note promptly at the bank than he is at the store where his account was permitted to become past due.

I still think there is nothing basically new in retail credit, but if the above financing plan is of interest, I shall be happy to provide copies of our circulars and guarantee forms for your consideration. ★★★

## Text and Reference Books Published by the N. R. C. A.

Retail Credit Fundamentals, 390 pages . . . . .	\$5.00
Retail Credit Management, 477 pages . . . . .	5.00
Streamlined Letters, 464 pages . . . . .	5.00
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Physicians and Dentists Credit and Collection Manual, 64 pages . . . . .	2.00
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★ ★ ★ ★ ★  
**NATIONAL RETAIL CREDIT ASSOCIATION**

375 JACKSON AVENUE

ST. LOUIS 5, MISSOURI



## A Message From the President Of the Denver Chamber of Commerce

Aksel Nielsen

I HAVE LIVED all my life in Denver. I have seen the city grow from less than a quarter million people to over one-half million people. The growth of Denver sometimes amazes me.

It is my pleasure to make occasional business trips to the East Coast where I seldom fail to find someone who believes that Denver is a broad, sprawling frontier town. I, and my sophisticated Denver neighbors, frequently find this most amusing. However, that this idea should still exist among our Eastern counterparts is no surprise because Denver is America's youngest big city. Less than 60 years ago our streets were full of bumping buckboards and real wagon trains. However, in the space of a short time Denver has taken on a cosmopolitan aura.

Situated in the heart of the vast Rocky Mountain Empire, Denver has become financial and cultural head-

quarters for nearly 15 per cent of the United States population.

Denver was founded on the strength of a gigantic hoax, the "Pike's Peak Gold Rush." However, Denver has amply repaid the victims of this "yellow trickery" by developing into the "Queen City of the West," furnishing a delightful climate, ample jobs and a wonderful place in which to live. It is gratifying to know that all large national manufacturers now have plants or distributing offices in Denver in order to serve this great region.

As a tribute to Denver's future, five new skyscrapers are now being built to cap the city's skyline with man-made pinnacles to match only in height the Rockies' own handiwork.

We are justly proud of our city. *We invite you to visit us.*

## Retail Credit Education Week

It is encouraging to us to have received so many commendations concerning the National Retail Credit Association's proclamation of *Retail Credit Education Week*, May 9 to 15, 1954. Enthusiasm for this project has reportedly been engendered and many communities have already started on their plans and preparations. There is no doubt that this great program of consumer credit education will be highly successful in promoting the cause of better credit conditions both locally and nationally.

Last month we suggested that a *Retail Credit Education Week* Committee be appointed by every local retail credit association to work on plans in cooperation with the credit bureau. We pointed out the immense stimulus that is sure to come from "Meet Your Obligation" Sunday planned for May 9, 1954.

This month we want to discuss another vast area of effective consumer credit education, the students in our high schools and colleges.

The students of today are the consumers of tomorrow. During *Retail Credit Education Week* especially, every effort should be made to bring to the attention of these students the powerful role that retail credit plays in our economy and the importance to them personally of using credit wisely and paying bills promptly in their adult lives.

Speakers from the local retail credit association should be selected to appear before senior classes and explain the significance of *Retail Credit Education Week* and all that it stands for. Representative members of the senior classes should be delegated to visit the credit bureau and

perhaps some of the credit departments in town and bring back to their classes a detailed explanation of how consumer credit works from their own observations.

Many local associations plan to initiate an essay contest open to high school students only with prizes for the best essays dealing with consumer credit. This is an excellent procedure and one sure to arouse interest and excitement.

The National Retail Credit Association booklet, "The Good Things of Life on Credit" should be distributed to all students. This inexpensive booklet, simply written and most understandable, explains the meaning of good credit and how to attain and retain a good credit standing. This booklet will also be used in a number of ways during *Retail Credit Education Week*. You are invited to send to the National Office for a free copy and prices for quantity purchases.

Local *Retail Credit Education Week* committee members should get in touch with their local Boards of Education and educational system supervisors so that arrangements can be started toward accomplishing this vital phase of student education during *Retail Credit Education Week*.

*Reading this publication carefully  
and regularly will contribute to  
your success as a Credit Executive.*



## Credit School—Retail Credit Fundamentals

**L. A. Hansen**

Assistant Credit Manager, The Daniels & Fisher Stores Co.  
Denver, Colorado

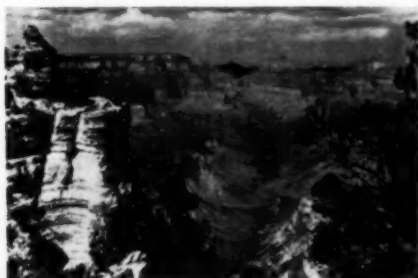
Take a moment to mull over in your mind the many advantages there would be in conducting a Retail Credit Fundamentals course under the auspices of your local Public School System. Go back a few years and remember "school" as you knew it.

Denver has become widely known for its Adult Education Program, which has been developing since 1916 when the Emily Griffith Opportunity School was founded. The school bears the name of an eighth grade teacher who had the foresight to see the benefits of free adult education not only to the individual, but to the community and to business. The proof lies in the growth of the program from an original enrollment of 2,398 to today's 11,469 with a waiting list of 4,422, and in the wholehearted cooperation given it by the businessmen of Denver. The year 1947 brought the addition to the curriculum of the course in Retail Credit Fundamentals.

The Retail Credit Men's Association of Greater Denver sponsors the course, and the National Retail Credit Association has given the project its full cooperation.

The advantages? First, a centrally located place in the downtown district to conduct the course; second, all of the benefits of a classroom; third, smaller groups for better individual training; fourth, an instructor active in the retail credit field receives teaching instructions in a compulsory pre-session training program; fifth, an advisory staff and co-ordinator are available for help; sixth, good instruction is guaranteed by the instructor's responsibility to the School Board; seventh, the course profits from all of the publicity given the school and its subjects; eighth, the text and materials are obtainable through the school at cost; and lastly, the course is free to qualified residents.

This program in Denver has been a boon to the ever present problem of obtaining trained credit personnel. A continuous course in Retail Credit Fundamentals has produced men and women who have become assets to their employers, as well as laying a foundation to qualify themselves for better positions in the future.



The Grand Canyon

*Let's Go on "The President's Special" in honor of  
Henry Alexander, President, N.R.C.A., to the  
International Consumer Credit Conference*

**SAN FRANCISCO, CALIF., July 18-23, 1954**

**Hotels, Trains, Motor Trips all reserved before you start**

**Canadian Rockies, California, Grand Canyon—18-Day Vacation  
With Six Days in San Francisco for the Conference**

The tour leaves Chicago, 12:30 Noon C.T., Monday, July 12, 1954, and returns to Chicago 2:40 P.M., C.T., Thursday, July 29, 1954. This is America's scenic 8,000 mile tour for only \$395.00, plus tax of \$43.00.

Included in the tour are: sightseeing in Colorado Springs, Manitou, Garden of the Gods, Van Briggie Art Pottery Works; trip to Will Rogers "Shrine of the Sun" on Cheyenne Mountain; all day at the Grand Canyon; sightseeing of Los Angeles, Hollywood, Beverly Hills and the beaches, stop at Hotel Biltmore; sightseeing in San Francisco and trip to Big Trees, Muir Woods; spend six days attending the Conference; stop at Hotel Whitcomb at Civic Center; Columbia River Highway drive; sightseeing in Seattle; sightseeing in Victoria; afternoon and evening at Lake Louise; and a day at Banff.

The enrollment fee is \$25.00, which will be applied to the cost of the trip, or refunded if you should decide not to go. The final payment should be paid two weeks before the tour leaves. Members of the party who do not stay with the group in San Francisco will be entitled to a discount of \$30.00 from the rate for the tour for hotel and sightseeing for the six days in San Francisco. For further information write:

**MOYERS TRAVEL BUREAU AT THE BANK OF GEORGIA, 34-38 Peachtree St., Atlanta, Ga.**



# A PRACTICAL FREE SERVICE FOR ALERT SALES PROMOTION EXECUTIVES

Over a period of many years, we have compiled a considerable fund of information data on the mechanics and economics of the personal solicitation method of increasing sales volume through the acquisition of new charge customers. Any or all of this data is available to department store executives who share the responsibility of maintaining and increasing sales.

You will note each item is coded. Simply select the code numbers of the items you want and drop us a letter or card requesting them.

- C1. COMPARATIVE VALUE CHART ON MAJOR METHODS OF CHARGE ACCOUNT SOLICITATION**
- C2. "CHARGE ACCOUNT PROMOTION — The value of Personal Solicitation."** Reprint from STORES magazine, April, 1951. By R. P. Bissell, Director of Accounts, Bamberger's.
- C3. "We can get you 25 or more new charge accounts every day";** data about the Wood Company interviewers; their control and accomplishments.
- C4. "DIAMOND'S—Here's a jewel of a story."** Chronicle in which one store who has used personal solicitation writes another interested store about the results they obtained.
- C5. "DOOR TO DOOR ACCOUNT SOLICITATION—How it increases sales volume."** By Frank Layton, Credit Manager, Strawbridge & Clothier, Reprint from CREDIT WORLD magazine, January, 1950.
- C6. "SOLICITATION OF CHARGE ACCOUNTS—A proven method of influencing more people to buy more goods—in your store."** By F. Wm. Johnson, Advertising Manager, Neiman-Marcus Company. Reprint of CREDIT WORLD magazine, October, 1949.
- C7. "CHARGE ACCOUNTS — Once a Nuisance, Then a Privilege, Now a Necessity."** By Dean Ashby, Credit Manager, Famous-Barr Company. Reprint from CREDIT WORLD magazine, January, 1952. (Now with The Fair, Fort Worth.)
- C8. "ACCOUNT USAGE"—**In which a user of personal solicitation comments on the activity of the accounts he has secured.
- C9. "RMAS\* PERSONAL SOLICITORS GET ACCOUNTS FOR RETAILERS"—**reprinted excerpt from "Retailing Daily" newspaper on May 1, 1953.
- C10. "HOW TO ANALYSE THE DISTRIBUTION OF YOUR CHARGE ACCOUNTS."** By Dr. Fred Schreier, Director of Research. Reprint from CREDIT WORLD magazine, December, 1947.
- C11. "CHARGE ACCOUNT BEHAVIOR OF THE HUMAN FEMALE"—**An abstract of five marketing studies which prove the increased purchasing power generated by the possession of a charge account.
- C12. "A CHARGE CUSTOMER IS WORTH NEARLY FOUR TIMES AS MUCH AS A CASH CUSTOMER."** CREDIT WORLD, December, 1953.

*A. J. Wood and Company*  
Market • Opinion • Attitude Research  
DEPARTMENT STORE DIVISION  
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# Make Your Hotel Reservations NOW

By last October first, we had reserved all of our allotted quota of rooms and suites, at the Fairmont, the Mark Hopkins and the Huntington Hotels atop Nob Hill, for the 40th Annual International Consumer Credit Conference to be held in San Francisco, California, July 19-22, 1954. These hotels were very generous to us in allocating an unusually large percentage of their rooms but even so, we were swamped with reservations immediately after the first article appeared in *The CREDIT WORLD* and *MANAGEMENT MONTHLY*.

Two of our other hotels, the Chancellor and the Sir Francis Drake, at the foot of the hill and just a few minutes' ride on the cable cars from the Fairmont, are likewise practically filled up although there are a few double rooms left at the Sir Francis Drake Hotel. We are now reserving rooms for our visitors at the St. Francis Hotel which is one of our leading hotels on Union Square about four blocks from the headquarters hotels. As time goes on, we shall be able to place every delegate in other hotels near by. But the point is, the *headquarters hotels are reserved to capacity*.

We have received over 700 reservations up to now which probably shatters precedent for any National Conference. These were accompanied, in practically all cases, by deposit checks. This is becoming a necessity because several of the aforementioned hotels already have waiting lists.

Reservations must be made through the Retailers Credit Association. It is interesting to note that the delegates who have written for rooms are, by no means, exclusively from California and the West. They are from every state in the union, probably the majority of them east of the Mississippi. This is unprecedented and certainly points to a record attendance next July.—Frank T. Caldwell, *General Manager*, Retailers Credit Association of San Francisco, 15 Stockton Street, San Francisco, Calif.

## 1953 a Record Year for Cleveland Credit Bureau

The Collection Department of the Credit Bureau of Cleveland, Inc., under the most able managership of Frank E. Sherod, produced a record year in 1953. His department turned bad accounts into collections approximating \$430,000.00 for the membership participating in this part of the Bureau work. Approximately 34,600 payments were received by the Collection Department and the average per payment for the year was about \$12.30. Success of the Cleveland Bureau's Collection Department is in a major part due to the cooperation of the membership. Operation methods and procedures of the Cleveland office have been in vogue, with not too many changes, for over 27 years.

## The ONE Book Every Collection Man Should Have

*The Only Book of Its Kind Ever Published!*

A. M. TANNRATH'S

### "HOW to LOCATE SKIPS and COLLECT"

has enabled experienced collection men to INCREASE THEIR COLLECTIONS of written-off accounts . . . over 700%.

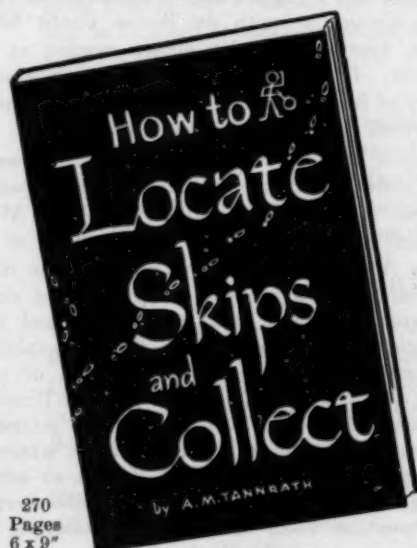
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are proving the value of this book every day! They are getting in money that they had almost DESPAIRED of collecting—accounts as much as 12 years old.

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### INCLUDES

- 14 DIFFERENT WAYS to locate a skip without a registered letter
- 16 WAYS of locating skips by registered letters
- 11 ACTUAL CASES where skips have been located and accounts collected through these methods
- DIGEST OF COMMERCIAL LAWS for all states—and a wealth of other practical helpful collection ideas.

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\$5.50)

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Copy  
Today!

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343 So. Dearborn St., Room 608, Chicago 4, Ill.

Please send me \_\_\_\_\_ copy(ies) of *How to Locate Skips and Collect*. Check Enclosed ☐

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Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

# Meetings ELECTIONS NEWS ITEMS Personal and OTHERWISE

## Breakfast Clubbers in the Business World

We can truly be proud of our Credit Women's Breakfast Clubbers of North America who have proved their ability and worth in the credit department of the business world.

Not too long ago, women in credit offices were only file clerks and stenographers; now we find them in the positions of managers and assistant managers taking over the full responsibility of the credit department and doing an excellent job of it.

The breakfast clubbers have studied and put to use that which they have gleaned from the Educational Manual and from attending classes dealing in the methods, practices and procedure of credit. In doing this, it has given them poise, and ease in business and public relations.

They strive to cooperate with their employers, the people they meet and their fellow workers so it may not be said: "There's always one in every office." Through their efforts, they have helped to make an office where one would find teamwork, confidence and the spirit of friendship, which in turn has created more efficiency in their department.

They are reminded to recognize that advancement has to be built on a firm foundation of reliability and worth, and takes time to achieve.

They are fully aware of the fact that executive skill is in greater demand today than ever before. Therefore they must look ahead, and have *faith, vision and courage*. —Minna Sudman, Fred Davis Furniture Co., Denver, Colo., President, Mile High Credit Women's Breakfast Club.

### T. W. Walters Heads Bank of Ohio

Theodore W. Walters was recently elevated to the Presidency of the Bank of Ohio, Cleveland, Ohio. He started with the original Morris Plan Bank, predecessor of the Bank of Ohio, in July 1919. During those intervening years he has held many positions with the bank and has been closely associated with retail credit operations. He has served several terms as Trustee and also as President of the Cleveland Retail Credit Mens Company. At one time he was a director in the National Retail Credit Association and served as Third Vice-President in 1946-1947. He was forced to decline further activity or recognition due to the demands of the bank.

### Retail Collection Manual

The National Retail Credit Association is about to publish a **RETAIL COLLECTION MANUAL**. This will be a practical handbook of recommended collection methods and procedures. Will contain actual collection forms and letter examples. The price will be \$2.00. As a guide in our printing order we want an idea of probable demand. Will you please write us immediately indicating how many you are likely to purchase? This will not be considered an order, just a "requirements" survey.

## For Sale

Three used electric receipt machines, first class working condition, \$35.00 each or all three for \$100.00. Fits counter or desk flush. Selber Brothers, P. O. Box 1830, Shreveport, Louisiana.

Twelve year old credit bureau and collection agency, grossing \$20,000.00 annually. Near Fort Knox. Potential unlimited. Must sell as newspaper requires all my time. Hardin County Credit Association, Elizabethtown, Kentucky.

Credit bureau with collection department in growing industrial area in Southwest Arkansas. Selling because of other interests. Will make attractive proposition for cash. Price \$7,500.00. Box 2541.

Remington Rand billing machine; 10 number keys with typewriter keyboard. Less than two years old and in perfect condition. Original price over \$3,000.00. Will sell reasonable. Lane Bryant, 333 Fifth Avenue, Pittsburgh 22, Pennsylvania.

## Joint Meeting in Boston

On October 20, 1953, the Boston Retail Credit Association, in conjunction with the Boston Credit Men's Association, sponsored a joint dinner meeting at the Hotel Statler. It was the largest meeting of its kind in the memory of Boston credit people, with over 450 members and guests of both associations present.

The magnet which drew this large attendance was a talk by Charles A. Pomeroy, Referee in Bankruptcy, of Portland, Maine. His subject was "The Wage Earner Plan," an explanation of Chapter XIII of the Bankruptcy Act under which a wage earner can make arrangements with his creditors to pay off his debts, under supervision of the Bankruptcy Court, and thus escape the stigma of bankruptcy. Mr. Pomeroy explained that this particular Chapter is little known or used throughout the country, with the exception of Birmingham, Alabama, where it has been put to highly successful use for several years, and in Portland, Maine, where its potentialities are just being realized, due to an educational program sponsored by the local credit bureau. From the questions asked of the speaker following his talk, it seems apparent that both wholesale and retail credit managers in Boston are interested in seeing this plan used in this area.

The members of both organizations were happy to meet the President of the National Retail Credit Association, Henry C. Alexander. In his brief talk, he endeared himself to everyone present by his inimitable wit and charming southern manner, as well as the words of wisdom he

propounded. His talk was altogether too short, and we hope to have him in Boston again.

Miss Frances M. Hernan, President, Retail Credit Association and Ralph Mullane, President of the Boston Credit Men's Association, brought the greetings of their respective organizations. Both commented on the strong bonds of friendship and cooperation which exist between both organizations. They expressed the hope that this joint meeting would become an annual affair.

John J. Canavan, General Manager, Credit Bureau of Greater Boston, was toastmaster for the evening and

conducted the program in his usual efficient manner. Officers and guests of both Associations were seated at the head table. Included among the guests was Referee in Bankruptcy, Wilfred H. Smart of the Boston district, who was most interested in the discussion of Chapter XIII of the Bankruptcy Law. The meeting proved the fact that when retail and wholesale credit associations and credit bureaus work together on a mutual project their efforts and results can be most successful.—Frank L. Mullett, Boston Edison Company, Boston, Massachusetts.

**N.R.C.A.**

**C.W.B.C.**

**A.C.B.**

**C.S.D.**

## **Midwestern Consumer Credit Conference**

### **MORRISON HOTEL**

CHICAGO, ILLINOIS

February 21, 22, 23, 1954

#### ***"Biggest Retail Credit Meeting in the Midwest in '54"***

The National Retail Credit Association and the Credit Women's Breakfast Clubs, FIFTH AND THIRTEENTH DISTRICTS; the Associated Credit Bureaus and Collection Service Divisions FIFTH DISTRICT; have joined to bring you "Three D in Credit" . . . a conference program designed to help you through the changing conditions in 1954. With the National Conference being held in San Francisco this year and the CMD meeting in Ft. Worth, the February convention in Chicago becomes the major consumer credit conference in the middlewest in 1954.

#### **GROUP SESSIONS**

There will be important group sessions . . . Department & Specialty Stores, Banking & Finance, Bakers & Dairies, Oil Dealers, Installment Sellers . . . with topnotch chairmen . . . Wayne Stokes, Marshall Field & Co.; Walter Davies, Exchange National Bank of Chicago; Elmer Beckley, Ideal Pure Milk, Owensboro, Ky.; Donald Woodrick, Smith Oil, Rockford, Ill.; Arnold Alban, Goldblatt Bros., Chicago . . . and capable co-chairmen to help carry the ball.

#### **OUTSTANDING SPEAKERS**

William J. Tate, Charles Ogilvy, Limited, Ottawa, Ontario, Canada, First Vice President, National Retail Credit Association; Helen Laycock, Sales Promotion and Advertising Manager, The Fair, Chicago, Ill.; Robert S. Hancock, College of Commerce, University of Illinois; Leonard Berry, Educational Director, National Retail Credit Association; and Stuart S. Ball, Partner, Sidley, Austin, Burgess, and Smith, Chicago, Ill.

... ..

Credit information WHEN YOU NEED IT. '54 is the year to watch. Start it right . . . with a ticket to "Three D in Credit" . . . only \$13.50 for the conference registration. It will cost you money to stay at home.

***Come to Chicago . . . to the 1954 Midwest Credit Conference***

**N.R.C.A.**

**C.W.B.C.**

**A.C.B.**

**C.S.D.**





## The Credit Bureau You Build

**D**O YOU know that the modern-day credit bureau came into existence because credit granters like you wanted a central file of information?

They learned years ago that customers' paying habits are the most valuable guide to credit character. Thus, credit granters themselves voluntarily agreed to furnish the credit bureau with ledger histories of their customers . . . good, bad and indifferent.

The reliability of your local credit bureau service is determined by how many cooperating credit granters in your community still realize the value of this fundamental need to put their information in your credit bureau. I wonder if you remember at charge-off time to send your credit bureau a list of your charged-off accounts? The more credit granters who do this, the more reliable will become your bureau's central file of information.

### Let the Bureau Know

Do you call your bureau on all credit applications? Well, if you can't adopt that most advisable plan, do you let the credit bureau know your new customers' names and addresses? Bear in mind that your credit bureau can often warn you if any of these customers subsequently become overburdened, if they know you are interested.

Your first responsibility to the credit bureau of your choice is to put all of your experiences into the bureau's files so its master cards reflect sufficient sources of information. Then, if the credit bureau has a good cross-section of credit granters in the various lines of business, it will come close to the desirable 85 to 90 per cent "in-file information" which each bureau strives to maintain.

### Prompt Clearance of Calls

After putting the right information into your bureau, the next important item is prompt clearance of your credit experiences when the credit bureau calls you. Year in and year out at district and national meetings, when the subject of credit bureau time service is discussed, we learn that unsatisfactory service results largely from slow return of credit experiences by credit granters.

Strange as it seems, there are some credit granters in almost every community who demand "hurry" service from their credit bureau, but it takes them a day—or days, even a week—to return their own credit experiences. This is unfair. It should not be tolerated by other cooperating members of your credit bureau. Your local credit association can help correct this situation. Talk to your credit bureau manager and find out which firms are causing this trouble—those who consistently hold up clearing

reports. Then arrange to have an association committee of credit executives call on the credit executive of the guilty firm or firms.

The approach should be friendly and constructive, describing how only through group action can a credit bureau be truly successful. You will be amazed at what such an interested group of credit granters can accomplish.

You will be building a better credit bureau for your own use by giving this priceless cooperation.

### Build Sources of Facts

The third suggestion I offer to help you build your credit bureau is to discuss with your bureau manager whether there should be more credit-granting firms in your bureau. Often fellow credit granters can materially assist the expansion of cooperating credit granters who belong.

In order for a central master card file of information to be of value in any community, it must be built from the ledger experiences of all types of consumer credit granters.

Why not check with your credit bureau to find out if the representative department stores, specialty shops, building material dealers, hardware, jewelers, clothing, furniture, and all other retail merchants who extend 30-day or instalment credit are subscribers?

Don't overlook the importance of having banks, loan and finance companies, rental agents, dairies, fuel dealers, physicians, dentists and hospitals as members. Credit customers are buying merchandise and service from all of these credit granters.

Your credit bureau reports will be more valuable and the bureau files more accurately a "who's who" for credit in your community, if the bureau has a large number of credit-granting members.

As a member who wants to obtain the best possible service from your credit bureau, you determine how much it can help you by the contribution you make to build its services and files of credit facts.

**To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.**



# LOCAL ASSOCIATION *Activities*



## Washington, D. C.

The new officers of the Retail Credit Association of the District of Columbia are: President, R. L. Gilchrist, Tom's Auto Service; Vice President, C. W. Prettyman, The Credit Bureau; Treasurer, Thelma Buck, Woodward & Lothrop; and Secretary, John K. Althaus, The Credit Bureau.

## Portland, Oregon

At the annual meeting of the Retail Credit Association of Portland, Oregon, the following officers and directors were elected: President, Fred Hesse, Lipman's; Vice President, Robert H. Grant, Pacific Department Store; and Secretary Treasurer, J. D. MacEwan. Directors: Chalmer Blair, Braley & Graham; William P. Choate, U. S. National Bank; Dale D. Dorothy, Standard Oil Company; J. H. Fisher, Meier & Frank Co.; Fred C. Hopkins, Portland General Electric; Mason M. Jones, Bank of California; Carl A. Kilgas, General Petroleum Corporation; Arthur W. Lynn, First National Bank; Paul F. Leary, Portland Gas & Coke Co.; Claude R. Martin, J. K. Gill Co.; Alvin L. Reed, Dairy Cooperative Association; and Hugh M. Tallent, Charles F. Berg, Inc.

## Dallas, Texas

The following officers and directors were elected at the annual meeting of the Dallas Retail Credit Managers Association, Dallas, Texas: President, G. G. Alexander, Linz Jewelers; First Vice President, W. W. Whatley, Hunt Grocery Co.; Second Vice President, Steve Barrett, Magnolia Petroleum Co.; Treasurer, John Stovall, Republic National Bank; Secretary, J. E. R. Chilton, Jr., Merchants Retail Credit Association; and Assistant Secretary, Chellie Sue Bragg, Merchants Retail Credit Association. Directors: W. H. Bailey, Creditors Service Bureau; Lilas Barker, Dr. Joseph H. McCracken, Jr.; Alpha Bateman, Marlow's; William F. Cofer, Jr., Neiman-Marcus Co.; Earl B. Massengill, Lone Star Gas Co.; Howard Nation, Sanger Brothers; G. Jack Orr, Jr., American Transfer & Storage Co.; W. O. Perlick, Texas Bank & Trust Co.; C. H. Rosamond, Dallas Medical & Surgical Clinic; John H. Tallent, Sherwin-Williams Co.; Roy Underwood, Methodist Hospital of Dallas; and J. E. Willis, Jr., Arthur A. Everts Co.

## Nashville, Tennessee

The new officers of the Nashville Retail Credit Association, Nashville, Tennessee, are: President, Russell B. Davis, Joy Floral Co.; First Vice President, Joseph E. Torrence, Cain-Sloan Co.; Second Vice President, James E. O'Steen, White Trunk & Bag Co.; Third Vice President, H. N. O'Callaghan, First American National Bank; Treasurer, Joseph T. Howell, Third National Bank; Secretary, Ben C. Nance, Credit Bureau of Nash-

ville; and Assistant Secretary, Mary W. Lemmer, Credit Bureau of Nashville.

## St. Louis, Missouri

The 1953-1954 officers and directors of the Associated Retail Credit Men of St. Louis, St. Louis, Missouri, are: President, Sol Zeve, Franklin Furniture Co.; Vice President, James M. Friedman, Famous-Barr Co.; Treasurer, Harry Meisman, Mermod-Jaccard-King; and Secretary, A. J. Kruse, Credit Bureau of St. Louis. Directors: Charles Burns, Union Electric Co.; Harry Netherly, Scruggs Vandervoort Barney; Ben Thomas, Socony Vacuum Oil Co.; Norbert Brosnan, Stix, Baer & Fuller; A. J. Wepfer, Pulitzer Publishing Co.; Mrs. Lillian Koenig, Eagle Furniture Co.; A. J. Schroeder, Greenfield's; Lindel Farris, J. S. Wolff Clothing Co.; and Dorothy Kuhs, Lane Bryant Co.

## Charlotte, North Carolina

At the annual membership banquet of the Charlotte Retail Credit Association, Charlotte, North Carolina, the following officers were elected: President, D. D. Godfrey, Bank of Charlotte; First Vice President, C. E. Durham, W. H. Hobbs, Inc.; Second Vice President, Preston Hoover, Page Air Conditioning Co.; Third Vice President, S. Ellis Pierce, Charlotte Memorial Hospital; Secretary, Ruth Carpenter, Parker-Gardner Co.; and Treasurer, Lilly Honeycutt, Montaldo's Women's Wear.

## Allentown, Pennsylvania

The new officers and directors of the Credit Bureau of Allentown, Allentown, Pennsylvania, are: President, Harry W. Shimer, Moyer-Shimer Insurance Agency; Vice President, Allen T. Vollmer, Zollinger-Harned Co.; Treasurer, Raby Minter, Lehigh Valley Supply Co.; and Secretary-Manager, Warren C. Kiess. Directors: Edwin R. Buenzle; Harvey L. Farr; Jeremy Fisher; Charles E. Folwell, Sr.; George E. Fogel; John W. Kessler; G. Edward Leh; Samuel W. Miller; Leigh W. Schadt; Charles A. Raab; Francis J. Gildner; and Paul J. Smith.

## Wichita, Kansas

At the annual meeting of the Wichita Retail Credit Association, Wichita, Kansas, the following officers and directors were elected: President, Jack Shields, Skelly Oil Co.; First Vice President, Emerson Dole, Appliance Center; Second Vice President, T. W. Walker, Walt Keeler Co.; and Secretary-Treasurer, Mrs. Bernice Sharples, Buck's. Directors: A. M. Buzzi, Allen W. Hinkel Co.; Irving Coffey, Metz Lumber Co.; E. Richard Goodin, Jr., Union National Bank; W. R. Whitehead, Yingling Chevrolet Co.; Lloyd Banbury, Kansas State Bank; Fred Dunkin, Hill Electric Co.; Maud Galloup, Walker Brothers Dry Goods Co.; and Dr. G. E. Tiltom, Dentist.

# What Is the Most Important Credit Problem for 1954?

## Opinions of Management

It is difficult to point out the most important retail credit problem, for in reality all problems associated with retail credit sales are important ones. However, we must acknowledge that an unusual economic situation faces us this year which, so far as we are concerned, will have an important effect on sales as well as collections. The average farmer and rancher in Colorado, Wyoming, Western Nebraska and Kansas is having a mighty hard time right now, due to a prolonged drouth, coupled with declining and unstable prices for his products, and the immediate future is not too encouraging. Hence, with our business so dependent on the success of our ranchers and farmers throughout our Rocky Mountain region, we must be unusually alert to the present financial status of a great number of these fine folks, selling only to those who can and will pay for our merchandise, then diligently attending to the collection of these accounts. Another factor of importance at this time is to make sure that our salesmen are consistently on the job, alert, courteous, and aggressive, selling our merchandise on its merit and not selling terms. In brief, let us make good sales to the right people, then at least one important credit problem will be solved.—Russell B. Wells, President, The Chas. E. Wells Music Co., Denver, Colorado.

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The answer to the most important retail credit problem confronting us in 1954 is rather difficult because of the fact that business will be hard to get in 1954 and that stores should be careful not to turn down good business. However, our experience for the past few months leads me to believe that credit executives should be more selective due to the fact that, while good customers continue to pay their bills promptly, those customers who were rather slow in the past have become slower. We are doing everything possible to get new accounts; first by solicitation from door to door in the better neighborhoods and in new sections of the city, and second by screening our good customers who have not used their accounts recently and writing them a series of three letters to get them to reactivate their accounts.—Stuart G. Levy, Secretary, Levy Bros., Inc., Louisville, Kentucky.

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The total amount of consumer credit has increased substantially during the year 1953 and would indicate a need for greater caution in extending credit in the year ahead. Many companies are showing moderate declines in business as compared with a year ago and, while it is generally believed that the economy will continue at a comparatively high level, nevertheless, each credit risk requires closer scrutiny. Credit sales have added considerably to the number of products that have been consumed by the ultimate purchaser and the extension of credit will play an important part in the years to come in the level of business.—Morton J. May, Chairman, The May Department Stores Company, St. Louis, Missouri.

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An attempt to weigh the various credit problems which will confront merchants in 1954 not only involves the personality of the individual store but is dependent upon one's outlook for business in 1954. From our particular viewpoint, the problems connected with the total amount of credit which will be extended will be relatively unimportant since the volume of business is not going to rise during the coming year. Most merchants will be thinking of ways in which to increase their business. In doing so, there is a tendency to ease the credit requirements. We believe that the most important problem will be that of extending terms for too long a time. Whenever the average length of a store's accounts increases, the problems of collection become more important. We feel that this is more troublesome than a drop in the size of down payments because no one can foresee or control far into the economic future. Because it is unlikely for incomes to increase and with greater efforts made to attract the consumer dollar, credit managers are going to be tempted to accept consumer's commitments for 1955 income

and certainly this holds no more certainty than 1954.  
—E. Blaugrund, President, American Furniture Co., Albuquerque, New Mexico.

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We live in a fast growing territory and our number one aim is to do everything we can to help this growth by having electric power available above and beyond the present needs of our customers; also to treat each of our 185,000 customers as individuals with reference to their particular credit problems. The most important problem in our field for 1954, and for all times, is to maintain a credit policy liberal enough to encourage sales within our area, which at the same time will be fundamentally sound as far as the company and customers are concerned. The credit policy should be flexible, taking into consideration the individual problems concerning each account, and while general rules and policies are maintained, such rules must never be imposed until after thorough investigation of each individual problem. Good public relations have always been a most important concern of our business. A little misinformation, or indifference, or lack of tact in handling customer contacts can often prove most annoying to customers and detrimental to the company. Too much stress cannot be placed on having employees well trained for this important work. Training programs should be aimed at training 'front line personnel' to handle these problems on a friendly basis. To this end we are continuing our so-called 'Collection Clinic' (an educational program for all employees who have contact with customers with reference to collections) through future years. With today's tendency toward slower payments of accounts receivable, and larger capital expenditures, it becomes increasingly important that business firms pay more attention to their collection problems so that their cash position will not become untenable.—R. H. Jones, Vice President and Treasurer, Utah Power & Light Company, Salt Lake City, Utah.

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With competition in retailing becoming keener every year and with the profit picture becoming dimmer, it is incumbent upon management to find ways of giving that extra little service that pleases the customer and does not increase operating costs. Courtesy costs nothing, and we shall expect our credit division, which is one of the most important customer contact areas in the store, to make every contact pay off in good will. This thinking includes personal contact, telephone contacts, and correspondence. Good judgment in extending credit and aggressively attempting to complete each sales opportunity are musts.—Stanley Marcus, President, Neiman-Marcus Company, Dallas, Texas.

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I am no economist, but from what I read of the present trend I certainly believe that business is going to be good. There will need to be some adjustments along the line to convert from a wartime economy to a peacetime economy. There will be a laying off of personnel in certain types of industry, but there will be an improvement in labor conditions in other lines of business. In our own business we are experiencing changes in methods and conditions, but we have as yet not experienced any decline and do not anticipate any in the near future.—W. Henry Roberts, Vice President, Wm. H. Roberts & Sons, Inc., Indianapolis, Indiana.

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Our best assurance of good credit conditions lies in our handling of opening new accounts, or re-opening and re-checking any older ones that have been irregular or slow in settlement. Since a person's credit structure varies with general economic conditions, it is likely that some who have been just over the dividing line, or on the verge of being overbought, will cross the line and fall in the slow and undesirable categories. We will follow a more cautious course and expect current up-to-the-minute credit reports and records. Those that prospered during easier years might have tougher sledding when the going roughens, even in a small degree. We must watch these changes with every alertness.—J. Ardell Thomas, President, S & Q Clothiers, Corpus Christi, Texas.

## Opinions of Bureau Managers

1954 will be a year of opportunity and challenge for credit bureau managers and for credit executives. Upon the credit executive will devolve the necessity of increasing profitable credit sales volume and at the same time maintaining a desirable collection ratio. This means that the credit bureau manager must be cognizant of the problems that confront the credit executive and cooperate in every way possible to their successful solution. I have noted with considerable satisfaction the growing degree of understanding of the mutuality of the interests of the credit executive and credit bureau manager. This essential teamwork should be fostered in every community. With cooperation and teamwork I look forward with confidence to a successful year.—Howard G. Chilton, Credit Bureau of Greater Fort Worth, Fort Worth, Texas and President, Associated Credit Bureaus of America.

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Maintaining a properly trained credit personnel, one that can help educate the public in the wise use of credit, and the importance of meeting terms of the store, is the most important credit problem for 1954. This makes for increased sales. Keep collections current. Keep up volume by increasing the number of good credit accounts. Sell more to good risks now on the books. Keep close watch on slow accounts to see they do not overbuy. Accuracy is necessary in handling all accounts. Create good will at every contact with the customer. Properly trained personnel can do the trick.—Grace M. Bobbitt, Credit Bureau of Huntington, Huntington, West Virginia.

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How to educate consumers further to the fact that buying wisely on credit is a means of increasing individual assets with their income that would otherwise, in many cases, be used for the purchase of non-essential items such as nights out, vacations, utter foolishness, etc. In other words buying wisely on credit such items as homes, furniture, clothing, appliances, various home furnishings, etc., is forced savings for many consumers. This offers a means for them to accumulate necessities and luxuries, because once purchased by the good credit risk, this type of merchandise will be paid for as per terms of the sale.—Frank K. Edmonds, Credit Bureau of Johnson City, Johnson City, Tennessee.

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Most of the credit men and women of our local association, including myself, feel that at least one of the most important credit problems for 1954 will be to tone down our optimistic practices of the last couple of years. It is going to be necessary to be more realistic in the extension of credit. I refer to that ever-growing number of accounts, which are now overloaded and will gather momentum during 1954. Those of us who operate collection departments are being requested to pool debtors' accounts by ever increasing numbers. More and more applicants are being referred to the bureau by members because their record is in jeopardy. Many of these same people have lost the overtime pay that they have been getting and upon which they have in the past tried to budget. In our opinion, a good resolution for 1954 would be to become more realistic in our credit policy, to help increased production and distribution, by promoting increased sales to those who are deserving and entitled to credit and at the same time prevent further losses by not extending additional credit to those who are already overloaded. In short, beware of overloaded accounts.—Walter A. Graff, Credit Bureau of Lansing, Lansing, Michigan.

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In discussions with local credit managers it appears that their most important problem will be nothing new. Promote more good charge business with an eye toward keeping expenses down. The same is true for credit bureaus with the constant goal of high quality and better service. Some encouraging signs for better service have been noted in the service trades of our very tight labor market since October. The personnel situation has improved to some slight extent.—Gordon W. Gray, The Cleveland Retail Credit Mens Company, Cleveland, Ohio.

One of the most important retail credit problems confronting the credit sales managers in 1954 is the adoption of a sound credit policy that will permit the sale and ultimate consumption of the greatest quantity of goods and services consistent with the consumer's ability to pay as agreed. This ability to pay must be determined by an analysis of the worker's prospects of continued employment, the type of industry, position held, length of employment, demand for products made, and general reputation of the employer, as to his aggressiveness and ability to meet needed adjustments, such as those taking place in the change from defense to peacetime production.—Marshall W. Hunt, Credit Bureau of Greater Lynn, Inc., Lynn, Massachusetts.

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The most important retail credit problem facing the credit sales manager in 1954 focuses itself sharply on merchandising. A strong, steady campaign of consumer credit sales promotion should be planned at the beginning of the year. The competition for each sale will be keen and credit sales managers should review and pursue carefully the firm's present policy in granting credit. Is the credit policy flexible and broad enough in scope? Is there a constant checking on the attitude and procedure of your credit staff? Is the credit applicant shown appreciation for choosing your firm? Are credit terms carefully and clearly explained with emphasis on the importance of promptness and company policy? In case of rejection, is there a tactful explanation of the firm's credit requirements?

- Does the interviewer offer to sell for cash?
- Is the convenience of a lay-away plan explained and offered?
- Is the applicant invited back to re-apply at a later date?

The staff of the credit department which is constantly alerted to the public relations factor of their position is a selling team for their firm. Credit sales managers should stress this regularly in regular monthly meetings, using the educational program of the National Retail Credit Association and Credit Women's Breakfast Club as educational aids. Thus each member of the credit department becomes a salesperson who will help obtain and keep customers for their firm.—George P. Johns, Credit Bureau of Decatur, Inc., Decatur, Illinois.

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Our office has noticed an increasing number of consumers coming to us to discuss their credit records. These people have either overbought or been oversold on credit. Competition is keen for the customer but it should not overshadow the importance of carefully extending credit. I believe that this problem will increase and credit executives should give it thorough consideration. Certainly we want to sell merchandise on credit, but we want to get paid too. Our first obligation is to our firm to get as much merchandise sold on credit as possible, but we also have an obligation to our customers not to overload them. Credit managers and the credit bureaus should work together on this problem and keep credit on a sound basis.—Ernest Yarbrough, Credit Bureau of Winston-Salem, Winston-Salem, North Carolina.

## Opinions of Credit Executives

The big problem for credit management in 1954 will be two-fold. First, it is important to maintain sales volume. With the shooting war over, there will be some reduction in defense spending. This must be absorbed by a similar increase in consumer spending if we are to hold our present high production figures and keep our national income at anything like the present figures. Sound use of credit can do much to solve this. Second, we must carefully avoid overloading the individual to hold up volume. By adopting a policy of keeping our customers within reasonable limits in the amount they owe we can avoid individual distress, which, multiplied by many customers, can lead to a major problem. It all narrows down to a strong, aggressive, but sound credit policy. If we follow that we will be all right.—Henry C. Alexander, Belk Brothers Department Store, Charlotte, North Carolina, President, National Retail Credit Association.

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In my judgment, the greatest opportunity and the most important problem for credit sales managers during 1954 is the merchandising of the credit department. The best time is all of the time for a

(Turn to "Credit Problems," page 25.)





## Department, Apparel and Shoe Stores

### QUESTION

*How best can the credit department help to increase sales volume?*

### ANSWERS

Colonel Franklin Blackstone, Frank and Seder, Pittsburgh, Pennsylvania: The best answer may be made by analyzing the many articles on "charge sales volume and charge sales promotion plans" that have appeared in *The CREDIT WORLD* since 1919 or prior thereto. Some of the old original plans have reappeared in various styles and names, sometimes as though of recent conception but, nevertheless, of instructive interest to old and new members.

Of course, it is obvious that the best plan to "increase sales volume" is to follow the usual sales manager's idea of approving all charge sales, but such action leads to increased losses, decreased payments, increased expenses and a new credit manager. The sales promotion action of a credit manager should be done only on the basis of profitability to the store, and not merely for an increased volume with consequent losses that decrease net profit.

The successful operation is one in which new business of a kind that is consistently remunerative is solicited. There was a time in retail credit history when "charge sales promotion," in large stores, was undisputedly the function of the credit manager. That condition was gradually changed (in too many places) by being usurped by "eager beavers" who had the ability to influence management, and then use the adaptability and ingenuity of the credit manager to handle the chestnuts in the fire or to remove the burns. The first cultural thing for a credit manager to do under a new "front" movement of that kind is to ask instantly for the name, residence, and business association of the friends, neighbors, and acquaintances of the newly recognized sales-promoter, and for those of all the executives of the management to whom he has outlined his plan. It may be amazing (or amusing) how often the old well-used plans of a sales-minded credit manager are presented to him as new and brilliant ideas for new business, such as those of the realty owner's list, the high-salaried occupational list, the slightly lower salaried list, the ministerial conference records of the various denominations, lists of teachers, university educators, newspapermen (other than the *Daily Worker* variety), marriage licensees (but keeping out of step with divorce lists), telephone street directories, telephone books and city directories of your city and your area-district towns, membership lists of "service" clubs, churches, "one-worlder" organizations not controlled by Communists (if any), convention visitors and many other lists that may afford opportunity to either solicit new charge accounts for volume or be used as good conversational subjects. Then there is the "house to house" soliciting plan which can be

developed as a profitable business-builder if handled by a competent credit manager who is not stifled by "expense" and who does not require daily specified numerical new account acceptances. I used this plan as long ago as 1915. It is good only with solicitors of ability, discernment, education, sales ability, and some knowledge of credit responsibility, with careful selection of districts approved or selected by the credit manager. Of course, the credit bureau must function with quick and accurate reports. It may also conduct a solicitation division successfully if numerical acceptances are not required on a daily basis, and the solicited person is not coaxed or forced into an acceptance, as that kind seldom use an account, especially in large cities. The rating book of the credit bureau has been a good source of names in cities where such books are available. A re-check of the rating is a requisite for proper solicitation, even if it costs a few pennies, such as 80 cents for each re-check.

There are many other plans of account solicitation for increasing sales volume, such as customer name suggestions, newspaper, and circular advertisements. In 1919, I printed a pamphlet entitled *The Retail Credit Man as a Business Builder*. It was a re-hash of a half-dozen speeches made on the subject by the then President of the National Retail Credit Association in such cities as New York, Baltimore, St. Louis, Chicago, and Pittsburgh. Some of those ideas are still workable.

All expense in connection with charge sales promotion should be entered in a sales promotion account and not included in normal credit department expense figures. The job of increasing charge sales belongs to the credit manager. His best title for this is "Assistant Treasurer," as it is also for collections and credit granting operations. However, those who have that title and use it can be seated at a single bridge table.

W. C. Goodman, Reynolds-Penland Company, Dallas, Texas: There are many excellent and time-tested ways in which the credit department can help to increase sales volume and it is no small accomplishment to decide which is the "best." It is a long recognized fact that any increase in sales volume through the credit department must automatically fall into two major divisions: the solicitation of new accounts and the solicitation or reactivating of inactive accounts. Which of the two helps the most?

It is my opinion that between these two chief sources of sales volume, the solicitation of new accounts is the best method to increase sales volume, at less cost. This is not just an opinion for it has been established by some of our leading stores who do considerable research in their experiments and their methods of increasing sales volume. Certainly it is a recognized and positive source of new volume and one that is neglected only at your own peril, for you must continually add to your customer list if you are to hold your own and you cannot grow from year to year without this constant flow of



new business. There are many sources and many methods to add to new accounts. Solicitation of new business will prove a real volume builder, especially in fast growing cities and communities where the population is constantly increasing, thus offering new customer potential. The reverse is true if the population of a community is decreasing. Then the credit department must rely more than ever on inactive accounts for any increase in sales volume.

Certainly none could find fault with the solicitation of inactive accounts as a means of building sales volume. Inactive accounts are people who have already chosen your store and your merchandise. They have demonstrated their willingness to let you supply their needs and have shown their preference for your store in a positive fashion. If nothing has been done to offend or alienate them, the odds are good that you can have reasonable success in reactivating them. Could be they are just waiting for you to show some personal concern and appreciation of them. Your inactive accounts are a veritable gold mine for sales volume but you must continually dig, sift, separate, and work your claim hard and thoroughly or the bonanza will run out. Deciding between these two chief sources for increased volume is no small feat and actually could be the subject of some controversy; however, selling your store, your merchandise, and your service, thus adding new customers, will also prove the "best" way to help increase sales volume at the smallest cost.

*Herbert D. Jarvis, Burdine's, Miami, Florida:* Our credit department has already undertaken and will continue in 1954 the job of selling store employees as well as customers on the use and advantages accruing to our customers in availing themselves of the convenience of our many credit plans. We plan to work closely with our merchandise and sales departments, to be sure various credit plans are properly publicized in appropriate signs placed in strategic store locations, credit terms shown on all home furnishing items being displayed on the selling floor and in all newspaper advertisements.

Encourage the opening of new accounts as a service to our customers. New charge campaigns should include direct mail, newspaper solicitation. Provide self-service credit application forms on all selling floors. Continue to reward salespeople in soliciting new charge accounts. Promptly acknowledge payment of contract accounts with appropriate invitation to purchase additional needs through this convenient medium of credit. Encourage "Add-Ons" to contract accounts being paid promptly and where credit information indicates customer's ability to pay for additional purchases.

Maintain a courteous but firm collection approach so customers will be "open to buy" and not give their business to other firms due to their owing past-due balances. In so far as practical, offer liberal competitive credit terms.

*Kenneth Oetzel, Boyd's, St. Louis, Missouri:* When I saw the magnitude of our stocks this year I realized immediately the important part the credit department would play in the success or failure of our Christmas operation. A great deal of the merchandise was bought specifically for the Christmas season. If it was not sold by December 24th at regular prices it would be marked down immediately after the first of the year.

I took the key people in the credit department on a tour of the main floor so that they would get the same impression that I had. Needless to say, it helped them to make every sale possible in the credit department. Of course, we did not give credit recklessly to anyone who was opening a new ac-

count or whose record indicated extreme slowness in the past. We analyzed the entire account and wherever possible worked out some kind of paying schedule that was mutually satisfactory. We also impressed upon the customer the importance of good credit.

The above illustration will prove my point. With sales needed during the coming months, it would be worth while for the credit department to try to make every sale possible rather than to turn down accounts which would, with a real effort on the part of the collection department, prove to be profitable. The judgment of the credit manager and his assistants will play an extremely important part in the success or failure of his particular store or business. We are going to try to make every sale possible to avoid needless mark-downs, because we feel our collection policy will help us to impress on our customers the importance of paying their bills and thus make it profitable for us. Even if credit losses go slightly higher it would be far less than the markdowns necessary to move the merchandise. Our policy, so far, has paid off and after a good Christmas season our stocks are in fine shape.

## Furniture, Musical Instruments, Electrical Appliances QUESTION

*Is it desirable to lower down payments and further extend credit terms in an effort to secure sales volume during this period?*

### ANSWERS

*Alexander Harding, John H. Pray & Sons Co., Boston, Massachusetts:* The lowering of down payments and furthering of credit terms beyond what they are at present should be the furthest thought from the minds of credit executives at this time. Ten per cent seems to be the accepted down payment on budget or instalment accounts and if a customer cannot afford that amount on a purchase how can they afford their regular monthly payments once the account is set up? If the terms are set for too long a period of time people slowly begin to feel that they are "paying for a dead horse." It would seem to me that we have to get back to the basic principle of being salespeople, in both the merchandising and credit departments, rather than merely order-takers as has been the case in the past few years.

The lowering of down payments and furthering the time element on this type of account might easily bring about a condition which could result in another appearance of Regulation W. Now that we are rid of it, is it not the better part of judgment to prove to the Federal Reserve Board that we are fully able to cope with our own problems rather than have them solve them for us?

*Earl E. Paddon, Lammers Furniture Company, St. Louis, Missouri:* Credit terms play a lesser importance in the building of sales volume in the same proportion that the rate of interest charged on extended payments affects the volume of sales. This statement is predicated upon the assumption that a reasonably liberal policy of credit is in operation in the average store. We recognize the fact that extended payment terms are a factor in increasing volume but a reasonable down payment and a reasonable length of repayment will accomplish the greatest volume of extended sales with a minimum loss ratio. If down payments are lowered beyond a safe limit, or

if terms are extended beyond reasonable proportions, excessive losses can easily destroy the profit structure. During a period of recession many manufacturers look to various financial plans which they think are peculiar to their industries, but unusual terms carry perhaps unusual risks, and the employment of unorthodox terms should be approved with careful analysis, or perhaps limited trial. Today, terms should be fitted to the need of the customer and based entirely upon his ability to handle them. By this I mean that to establish a definite policy of 10 per cent down and two years for repayment, while acceptable generally, is not necessarily a safe operation with every credit risk. Now, in particular, is the time to measure the credit standing of a customer and to extend terms based upon that standard.

*W. F. Streeter, Boutells, Minneapolis, Minnesota:* There is no doubt that lower down payments and an increase in the length of maturities has been a decided factor in increasing sales volume, especially during the past several months. There are differences of opinions about the consequences of such methods, especially with a question mark hovering over our present economy. However, I feel that credit that is being extended today to accelerate sales is a most carefully supervised operation.

No one is receiving merchandise on extended terms and little equity without being screened thoroughly. Experienced credit men are aware of all the evils that go along with such advertising. The undesirable applicant is quickly uncovered through much more complete bureau reporting than we have ever received before. Overbuying is being controlled wherever it occurs.

While collections are a matter of concern, statistics prove that activity on accounts receivable is still good. Merchandise was sold and terms were made on the theory that overtime pay would liquidate indebtedness. Now, overtime is practically gone. With cost of living still at an all-time high, it is evident that terms will be a paramount factor in selling merchandise during the coming months. We should obtain all the business we can, within the limits authorized by management, keeping in mind that sound credit extension is the controlling factor in all transactions.

*Eldon L. Taylor, Glen Bros. Music Co., Salt Lake City, Utah:* Yes, if:

1. Your present terms are not already at or beyond a sensible limit.
2. Your financial position is such that you may safely finance more liberal terms.

If you are one of those firms that has been trying to assist in holding down inflation by insisting on a minimum down payment and maximum terms well within the limits of your industry generally, then if you are prepared to finance more liberal terms, you should do so. It seems to be the natural reaction of credit men to tighten up when sales and collections become difficult. This procedure tends to increase further the recession, and if all business follows the tightening-up procedure, a depression may be forced upon us.

*J. E. Zimmerman, Morris Kirschman & Co., Inc., New Orleans, Louisiana:* This is not the time to resort to lower down payments and extend credit terms further. Present economic conditions do not justify such extreme measures. If our economic conditions change from one of prosperity to one of depression, then no down payment and longer terms may be a tool to stimulate business. During this period it is necessary to be reasonably liberal but certainly reasonably

cautious at the same time. This is not the time to gamble on credit.

## General QUESTION

*What are some effective ways of inducing inactive accounts, both monthly charge and instalment, to become active again?*

### ANSWERS

*Mrs. Una M. Pearson, Pearson's, Fort Smith, Arkansas:* This is truly a question of vital importance. Throughout the years we have been in business, to find a good, active, worthwhile account becoming inactive for no visible reason is like losing the friendship of someone very dear. Incidentally, when this question came to my desk that was exactly the very thing I had been enjoying working at for several hours: direct personal contact by phone. Friendly morning greeting, "We have been missing you, could there be anything wrong on our part, we do appreciate you and your business as much as anyone possibly could, hope to be seeing you soon." "Mrs. Pearson, I am so glad you called, it has really been nice talking with you, I will be calling you."

This quick, inexpensive but effective, personal contact is good in bringing grievances to light and reselling dissatisfied customers. Too, should it happen to be a customer that drifted away with the feeling "they have so much business, my little is not appreciated," the personal assurance they are appreciated and remembered is good human relations for building sales.

*K. V. Steenson, Midwest Oil Company, Minneapolis, Minnesota:* The question proved a bit difficult to answer as far as retail fuel oil dealers are concerned. A quick telephone survey of some of our leading fuel oil companies has given me a sameness of answer. We all agreed on certain fundamentals of our business:

First, that we supply the consumer with a staple necessity of life. Second, that normally the consumer having made his selection of supply at the beginning of a new heating season is not readily persuaded to change.

Consequently we find that any solicitation, whether it be for reactivating accounts or obtaining new customers, is most effective during the few summer months between the beginning and end of a heating season. Also, we are quite agreed that the most effective solicitation by far is done on a personal basis with a representative of a company making calls directly on the consumer. We have found direct mail advertising to be quite ineffective. I realize that this may not be applicable to general retail business but it summarizes the peculiarities of our business.

## Hospital and Professional QUESTION

*What has been the experience of this group in locating skips including the use of the credit bureau?*

### ANSWERS

*R. E. Blue, Willis-Knighton Memorial Hospital, Inc., Shreveport, Louisiana:* Hospitals, until a few years ago, did not place much emphasis on credit functions owing to the fact that drives for funds, low pay of employees, and discounts by merchants on long-standing accounts did not make it necessary to have up-to-date accounting and credit departments. Now the time has come when the credit department is necessary to keep accounts liquid. Hospitals do not operate as efficiently as department stores and therefore have more

skips. We get the names of close relatives in order to trace if necessary. After exhausting every effort over the telephone we recommend the account be turned over to the local credit bureau because the bureau is well equipped to find the person who has skipped. We have been told that between 30 and 35 million people will move this year and thus we can look for more skips. I urge every credit granter to become affiliated with local and national retail credit associations and thereby gain more knowledge with relation to skips.

*Kate Graham, Shortall Clinic, Dallas, Texas:* The hospital and professional group has a tremendous "skip" problem, and it is the alert and interested credit person that gets results on locating "skips." If the new patient is properly interviewed when admitted, the "skip" problem is not so great. Get the patient's full name, address and telephone number; former employment, address and telephone number; and present employer's address and number. If the employment is a large firm, get the patient's position and the name of the immediate supervisor or foreman. Then get the name and address of the person that referred him to you. Always secure the nearest relative he thinks could be reached without difficulty in case of an emergency, preferably the patient's mother.

Much information can be had without irritating the patient through interested conversation. One can secure much valuable information, etc.—the banks, and if he owns his home or rents. In case of a renter, get the landlord's name and address. In making financial arrangements, when asked for credit references, if he does not have a credit record well established, he will invariably list a finance company, especially if he owns an automobile.

When you receive the first returned statement marked "not at," most frequently you have a "skip" problem. Begin work immediately by listing "address wanted" with the credit bureau. Check city and street address directories and call the nearest neighbor. He or she usually has valuable information. Call his employer and check with the personnel department at the local Post Office. Then call the finance company if listed as credit references. Check with his bank as they usually keep up-to-date information on customers. Then call or write the nearest relative that was listed. Try the family physician if he is listed. Try utility companies. It is wise to give the apparent "skip" immediate attention. In a large volume of business we do have a potential "skip" list. The sooner we work them the better results we get.

*Frances M. Hernan, Massachusetts General Hospital, Boston, Massachusetts:* Our experience in locating skips through the Credit Bureau of Greater Boston has been excellent. The Skip Committee of the Retail Credit Association of Boston, Marjorie Hall, Chairman, also has been most helpful. This Committee holds monthly noon meetings to discuss lists of skips sent to members in advance. We have used the local Blue Cross transfers of membership to new locations as well as the usual inquiries to personnel departments, previous employers, relatives, friends, neighbors, referring physicians and, occasionally, the police.

We have uncovered a good many estates by writing to the Probate Court in the county where the deceased was buried, requesting the name and address of the Administrator and the amount of bond posted. This last item is important so one can judge the value of the estate.

*Dorothy E. Higginson, Dr. Martin O. Wallace, Duluth, Minnesota:* Our first source of information in tracing a "skip" brings us right back to the inevitable credit application

and we find our immediate source of information here. First, check the address with office files, city and telephone directory to be sure it is correct. Second, check phone number or numbers and call patient, often a phone number will be correct but the patient may have a new address, or the telephone operator may supply the new number. Third, check on all old addresses as a statement may be forwarded, or a new address secured. Fourth, check place of employment of both members of the family, and mail statement in a regular envelope, not an open-face statement envelope. If the person is not there, the statement may be forwarded. If this fails, call the personnel department of the firm to check employee's status. Fifth, resort to the credit bureau for information or re-check of credit report.

For military personnel contact the base for information or change of address. Give full name, rank and serial number. This method has been most successful. Our office checks each history from time to time on current patients, and always when an account is reopened.

*Mrs. Jean V. Lansing, Albany Hospital, Albany, New York:* As soon as mail is returned, we check our own records for relatives and references. If this gives us the answer, we notify the credit bureau of the new address we have found for the individual. If we cannot determine the whereabouts of the individual, then we call the bureau for assistance. Usually the bureau does not have further information, but immediately tags their records so that if and when they do secure information we are notified.

Next, we tag our medical record with reference to the patient so that if he should appear in any of our clinics for treatment, or be readmitted to the hospital, the business office is alerted. In addition, we make contacts with the attending doctors in particular cases, and sometimes they have information for us. Even if they do not, they are appreciative of being notified of the fact that we are unable to locate the individual.

It is understood, of course, that the foregoing steps are based upon the amount of the account involved, so that if an account is small, we do not follow through with all of the above contacts.

The Retail Credit Association of Albany has taken a step forward in reciprocity among its members with reference to skips. The secretary of the Association periodically circulates a list of skips and members readily exchange any information they might have.

*V. L. Meyer, The Sheboygan Clinic, Sheboygan, Wisconsin:* Skip accounts are probably as numerous within the hospital and professional group as they are in the retail field. The number of skips found among the accounts receivable in any organization will depend largely upon the information obtained at the time the account was opened.

Whenever a new account is opened, it is essential to obtain the answers to the following questions:

1. Name in full.
2. Temporary and permanent addresses.
3. Age, sex, marital status.
4. Employer, occupation.
5. Nearest relative or friend, other than husband or wife.

Many skip accounts can be avoided by developing a systematic method of contact with the account. For example, it is always advisable to continue sending monthly statements.

If at any time there is reason to believe that the subject

(Turn to "The Credit Clinic," page 23.)



# *Granting Credit in Canada*

C. B. FLEMINGTON . . Canadian Correspondent

## There Is No Such Thing as a Free Lunch

C. T. BEAMAN, *Manager, Credit Bureau of Brant County, Brantford, Ontario, Canada*  
*President, Associated Credit Bureaus of Canada*

I WOULD LIKE to tell you the story of an ancient king who, troubled by his people's economic woes and confused by conflicting theories and counsel of his economists, commanded that a short, simple text on economy be prepared. After many months the economists brought him many volumes replete with charts and graphs.

In fury the king banished half of them and again demanded a text he could understand. One after another they made reports that went over his head, and one after another they went into exile. In fear and trembling, the one remaining economist quavered: "Your Majesty, I have reduced this subject of economy to a single sentence. In nine words is distilled all the wisdom of the economists who once practiced in your realm. 'There is no such thing as a free lunch.'"

May I repeat, "There is no such thing as a free lunch." Regardless of how your credit operation is conducted, if you extend credit it costs you money. These costs include the price tag of extra work, postage, interest on average accounts receivable outstanding, bad debts, credit information and collection expense. However, many economists say that an expense is not a true expense when the gross profit attributed to it exceeds the amount spent. If a possible sales increase of one-third costs only five per cent of the increased sales, it is worth striving for.

### **Credit Business is Sound and Profitable**

Thousands of successful retail stores attest to the fact that credit business is sound and profitable. However, the success of a credit operation is entirely dependent upon adherence to sound principles of credit and collection; careful thinking, intelligent planning, watchful supervision and control are required in order that this type of business be profitable. You are selling to the public not only consumer goods, but a service, and in exact relationship to that service you will find your success.

Government statistics show that 33 per cent to 36 per cent of all retail business is done on a credit basis. Credit does not always mean that people charge because they have not the money. I will agree that many people think of credit as being this, but more and more people are regarding charge credit as a convenience; the convenience of being able to pay on payday in a lump sum for their wants and the convenience of shopping without the need of carrying a lot of money. It seems logical, therefore, since more and more people are buying convenience credit, that here, in this field, the independent merchant will be able to increase his business.

What is credit? Credit is nothing more or less than permission to buy now and pay for the purchase later. It is an extra service—a convenience to the customer and

a sales promotion method for the retailer. *Why is credit business good business?* There are a number of benefits that a merchant can expect from offering credit facilities to his customers:

1. Credit makes regular customers. Patrons with charge accounts are loyal. They become part of the store family. Cash customers are everybody's customers. A credit customer tends to buy where he has credit. Thus credit makes for more business.

2. Credit sales on the average are larger. Cash customers are constantly searching for bargains. With credit customers, price does not restrict sales and the average sale is larger.

3. Credit customers buy more freely. They buy more because it is easy to say "charge it," and because people like to do business where they are known and appreciated as regular customers.

4. Credit builds confidence. By trusting goods to a customer, the store gains the confidence of the buyer and confidence breeds good will. Credit customers take suggestions more nearly at face value.

5. Credit attracts a better trade. Businesses selling on credit appeal to a better class of trade: interested primarily in service and quality and only secondly concerned with price.

6. Credit smooths out business peaks. Cash trade tends to be greatest on certain days, such as Saturdays, paydays and pre-holiday periods. Credit customers, on the other hand, tend to buy whenever goods are needed. Business peaks are costly and anything that reduces them will reduce operating costs.

7. Credit is a customer convenience. Credit purchases may be made by several members of the family and many people object to the inconvenience of carrying sufficient money to pay cash for purchases.

8. Credit increases sales. This is the net result of the foregoing advantages.

### **Disadvantages of Selling on Credit**

There are, undoubtedly, some disadvantages of selling on credit. It ties up capital. Some credit losses are inevitable. Credit requires attention to detail and a firmness that not all businessmen possess. Credit increases the cost of doing business, but, if credit can substantially increase the volume of business, and if attention is paid to your credit operation, your losses will not exceed one-half of one per cent of the volume.

Not so long ago it was conceded that the prime requisites for the extension of consumer credit were embodied in the famous Three-C formula: Capital, Capacity and Character. But modern thinking has gone further and

we now list the requirements as the three stabilities of credit. These three fundamental factors in passing credit to consumers are as follows:

1. Stability of income. By which is meant all investigation pertaining to the financial ability of the customer. In short, has he the means in the future to meet the proposed obligation? The continuity of earning power; the sureness of the type of occupation, commissions, etc.?

2. Stability of residence. Can your customer always be located? Have you the information that will locate him if he changes address or occupation? How stable have his residential habits been in the past? Does he own his home? Is he buying? Can he afford the rent?

3. Stability of pay habits. How does he pay his bills? Has he had court actions? Has he marital troubles which might affect payment of bills? Is his condition changing, for the better perhaps, maybe for the worse?

Generally speaking, with any two of these three stabilities properly established, the credit manager can pass on normal risks—that is, reasonable amounts in relation to Stability No. 1 and No. 3, in a more or less mechanical fashion.

The taking of a proper credit application will enormously simplify the operation of any credit department, and during this time the terms of the credit transaction should be clearly established in the buyer's mind; for there never were truer words than those contained in that old credit axiom that "An account properly opened is half collected."

I have here what might be regarded as a typical credit application for a budget account and also for a charge account. In each instance the applicant is asked for the full name of the husband, the name of the wife; a residence address and how long there, a previous address; an employer, the applicant's position, how long there; a telephone number; whether he is an owner or a tenant of a house, apartment or rooms; other credit accounts, new or previous; the name and an address of a near relative. The time to get information is when the account is being opened, not after it has become a collection problem. With the application properly filled out, and I suggest that procuring this should present no problem, then you are in a position to take steps to determine the credit reliability of the applicant.

### **Using the Local Credit Bureau**

In using the local Credit Bureau, you will be able to give them the type of information they need to identify the customer and to give you clearly and accurately the credit report that you require so that you are able to determine the stabilities to refuse or extend the credit requested.

You who are engaged in credit work know that "there is no such thing as a free lunch," so start correcting what is generally regarded as the greatest evil in credit granting, the lack of information so apparent in many credit operations today; by insisting that every application contains sufficient information.

We are passing through a changing economy, a transition from a seller's paradise to a buyer's heaven; if you are to share in the available profits and the increased business prestige that your company deserves, then greater efficiency will be needed where credit starts—in the taking of the credit application. ★★★

## **"The Credit Clinic"**

(Beginning on page 18.)

may have moved, a printed form letter using third class mail in an unsealed envelope can be used to intercept the forwarding address if it is known to the postal department. This can be accomplished with a piece of third class mail with the following notation printed on the face of the envelope:

"Postmaster: If addressee has moved to a new address, please notify sender on form 3547. Postage for notice guaranteed."

The identity and location of such a person will seldom be lost or covered up if these precautions are taken. The credit bureau is in a position to render a valuable service in handling skip accounts. The vast network of bureaus in the United States and Canada affiliated with the Associated Credit Bureaus of America makes it possible to establish trace service in almost all parts of the country.

In order to receive the maximum service from the bureaus, however, it is important to furnish them with all possible leads which are known to the creditor. If these leads are lacking, it is difficult, costly, and time-consuming for any agency to trace a skip.

A. J. Perez, Jr., *The Rochester General Hospital, Rochester, New York*: Locating hospital skips appears to be much more difficult than locating retail skips. Much of our difficulty lies within our method of operation. Unfortunately, the person responsible for locating these people rarely has the opportunity to discuss financial matters with them.

The largest number of skips consist of patients who receive ambulatory services such as emergency department, X-ray, laboratory, etc. Many of them, particularly in the emergency department, are transients. They are, many times, just "passing through." Consequently, since these services are given around the clock, they are not properly interviewed. The personnel recording pertinent medical information neglect, and on occasion, refuse, to conduct an interview which bears on their finances. Professionally, they are upheld too often since it is our responsibility to the public to render service first and ask questions later. Public opinion also limits the scope of our financial interrogation.

The "house patient" presents the smaller number of skips since it is general policy for all of us to secure "payment in full" upon discharge. If this payment is not forthcoming, the patient and/or responsible person is put through a financial interview where credit information is requested.

The hospitals in Rochester are fortunate in having a central collection office within the Rochester Regional Hospital Council known as the credit department. J. B. Bronson, Credit Manager of this office, feels that much has been done in locating skips by use of outside men checking neighborhoods at the previous and last known addresses. Naturally, other methods such as telephone, registered letters, etc., are exhausted before putting the skip "on the street." The Credit Bureau of Rochester is of great help to us by its checking the public utilities and other creditors. The fact that it is recorded on their files as a skip has resulted in collection when all other methods have failed since eventually, months or years later, the "skip" commits the inevitable error of seeking credit elsewhere.

Many of the agencies with whom we deal (Public Welfare, (Turn to "The Credit Clinic," page 27.)

# CREDIT FLASHES

## Henry Martin

Henry Martin died at his home in Oklahoma City, Oklahoma, on January 2, 1954. He had been retired from the position of Credit Manager of Haliburton's after many years of service to the store. He was an honorary life member of the National Retail Credit Association and a charter member of the Oklahoma City Retail Credit Association. He is survived by his wife and a stepson to whom we extend our deepest sympathy.

## Roy H. Wickman Resigns

Roy H. Wickman resigned January 1, 1954, as Secretary-Manager of the Credit Bureau of the Greater East Bay, Oakland, California, after many years of service to the organization. During this time he expended a large amount of time and interest in all associated groups. He is a Past President of the Associated Credit Bureaus of California and served on many committees of District 11 of the N.R.C.A. E. H. Alexander has been appointed to succeed him.

## Consumer Credit for November

Consumer instalment credit outstanding increased 100 million dollars during November to an estimated 21,586 million at the end of the month. The increase compares with gains of 350 million in the same month of 1952 and 90 million in 1951. All types of instalment credit increased during the month: automobile paper, 21 million dollars; other consumer goods paper, 40 million; repair and modernization loans, 19 million; and personal loans, 20 million. The gain in automobile credit reflected primarily an increase of 49 million dollars in automobile paper held by sales finance companies which was partially offset by a decline of 26 million at commercial banks. An increase in charge accounts outstanding at department stores during November more than offset decreases for the other retail outlets, and charge accounts outstanding rose 29 million dollars. Declines in the other components of noninstalment credit brought the month-end total 14 million below the preceding month. Total short- and intermediate-term consumer credit outstanding at the end of November amounted to an estimated 28,252 million dollars, 86 million above a month ago and 3,641 million above a year ago.

## Denver Credit Women Help Cerebral Palsy Center

The Mile High Credit Women's Breakfast Club, Denver, Colorado, has had, as one of their projects, the sponsorship of the Building Fund of the Denver Cerebral Palsy Center since 1949. In 1950, they gave the Center \$250.00 with the stipulation that it should be set aside for the Building Fund. At that time, there was no such fund but the gift started the idea and the nucleus of the fund. Additional gifts began to arrive and the following year the breakfast club again made it the recipient of their generosity. They have continued their gifts each year and on October 14, 1953, Juanita Dailey presented them with a check for \$200.00. Their dream of a new center came true when the new Center was formally opened September 14, 1953.

## Coming District Meetings

**District One** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont and Quebec, New Brunswick, Nova Scotia and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, May 16, 17, and 18, 1954.

**District Two** (New York and New Jersey) and **District Twelve** (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia) will hold a joint annual meeting at the Claridge Hotel, Atlantic City, New Jersey, March 7, 8, and 9, 1954.

**District Three** (Florida, Georgia, North Carolina and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi and Tennessee) will hold a joint annual meeting at the Hotel Charlotte, Charlotte, North Carolina, April 4, 5, 6, and 7, 1954.

**District Five** (Kentucky, Michigan, Ohio and Ontario, Canada) and **District Thirteen** (Illinois, Indiana and Wisconsin, except Superior) will hold a joint annual meeting in Chicago, Illinois, February 21, 22 and 23, 1954.

**District Six** (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin and Manitoba, Canada) will hold its annual meeting at the St. Paul Hotel, St. Paul, Minnesota, May 9, 10, and 11, 1954.

**District Seven** (Arkansas, Kansas, Missouri and Oklahoma) will hold its annual meeting at the Goldman Hotel, Fort Smith, Arkansas, March 14, 15, and 16, 1954.

**District Eight** (Texas) will hold its annual meeting in Dallas, Texas, May 24, 25, and 26, 1954.

**District Nine** (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting at the Cosmopolitan Hotel, Denver, Colorado, April 25, 26, and 27, 1954.

**District Ten** (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) and **District Eleven** (Arizona, California, Nevada and Hawaii) will hold a joint annual meeting in conjunction with the 40th Annual International Consumer Credit Conference of the National Retail Credit Association, The Fairmont Hotel and The Mark Hopkins Hotel, San Francisco, California, July 19, 20, 21, and 22, 1954.

## Tide Water Installs Credit Plate System

Tide Water Associated Oil Co., San Francisco, Calif., has installed a metal imprinted credit plate system in seven western states to speed up customer service. The new system has been tested successfully for seven months in 100 service stations in Hawaii. Annual credit cards with plates attached are now being issued to charge account customers for use in the imprinting machines.



# Credit Careers

## Robert A. Ross

The following appeared in the *Dallas Morning News* for October 27, 1953, concerning Robert A. Ross, Vice President, Neiman-Marcus, Dallas, and Past President, N.R.C.A. It was written by "Wales" under the heading "A Man and a Building."—Ed.

One of the greatest sights in the history of Neiman-Marcus came on one dreary morning at 4:00, November 30, 1946, when a tall white-haired man wearing an impeccable blue suit and a quiet necktie was standing amidst the ruins of half a million dollars' worth of burned and charred merchandise just after the Neiman-Marcus fire. "This store," he said, "will be open for business in three days." During the long night the voice of Robert Ross never rose as he directed the work of exhausted squads of employees clearing away the debris. Once in a while he would show the great pressure on him by giving the barest tug to an impeccable French cuff.

Bob Ross came to Neiman-Marcus in 1921. He became credit manager and today he is our senior vice president and store manager. This morning, as we open to the public the new and complete Neiman-Marcus, after better than five years of hammering and plumbing and painting, it seems appropriate for us to indulge in a word or two about Mr. Ross, for he has held the reins of this enormous seven-and-a-half-million-dollar Neiman-Marcus expansion in his hands. Ably assisted by Paul Mahoney, he has had to deal with all the manifold and fantastically complicated problems of building a completely new store, a completely new service building, and remodeling from top to bottom the downtown store while keeping us in business at the same time. He has also had to put up with the squawks: the buyer who doesn't like the size of her chair; the merchandise manager who doesn't like the color of his carpet—all the squawks have gone to him and he has taken them all in his quiet, low-voiced way, hearing everybody out, doing what he could to keep the temper of a sorely beset staff "sullen but not mutinous," to use a famous phrase.

Day after day Mr. Ross has been in his office slightly before the rest of us, night after night he has left the store quite a bit after the rest of us. The pressure of the campaign has been enormous on him and yet to this minute we don't know anyone who has ever heard him raise his voice. The program has cost him many hours of driving, grinding work, cost him many sleepless nights. Today we invite you to see the result of all this work of his and of the hundreds of other people who worked with him on the project.

This expansion has even cost Mr. Ross his barber. The other day, tied up in conference, he reported to his barber ten minutes late for his appointment and was informed that his barber's time was simply too valuable for this sort of thing. Long white hair flowing in the breeze, Robert Allen Ross walked slowly and sadly down Commerce Street, looking for a barber who would understand that when a man has to spend seven and a half million

## "Credit Problems"

(Beginning on page 16.)

continuous year-in and year-out program which is much more productive than one single campaign or a series of loosely planned campaigns. The primary reason stems back to the real value of charge accounts. A charge account is a merchandising device having convenience as its greatest attraction. Just as we provide escalators, elevators, shopping service, and other conveniences to attract and hold our customers' patronage and good will, so do we supply and urge the use of charge accounts. This is done because of the well-known fact that, in the long run, charge account customers are easier to identify, keep in touch with, and are more store-loyal, stay with us longer and, furthermore, prove to be better customers than cash buyers. Advertising and other forms of promotion help to get customers in the store. Charge accounts make it more convenient for customers to take advantage of the merchandise and service offered. The more active charge accounts, the more productive the sales promotion will be. Continuous promotion assures the steady supply of new accounts in keeping with the steady growth of the trading area. We cannot do without sales promotion and it means a steady growth of charge volume through a most effective continuous promotion of charge accounts. Management is constantly looking for ways and means of moving merchandise as quickly as possible, and by the merchandising of the credit department this will improve the methods now in use.—Dean Ashby, The Fair, Fort Worth, Texas.

★ ★ ★

The feeling that a buyer's market now prevails and that sales will be more difficult in the future is almost universal. Due to this fact, there will be increasing pressure upon all credit personnel to allow extension of terms, smaller down payments and to accept weaker credit risks. A decision must be made as to whether we will run a real credit department or whether it will tend to merely become a collection department. The credit executive of today and tomorrow must strongly resist such tendencies.—Ed F. Brandt, Old National Bank of Spokane, Spokane, Washington.

★ ★ ★

The 1954 credit problem will be 'overselling the customer' particularly those A-1 customers whose credit has always been beyond reproach and who can buy on credit at the store up the street, down the street, or around the corner. Keeping control of those accounts will necessitate sharper watch systems, more periodic credit check-ups. Why sell for the sake of a sale if the sale causes customer delinquency, skips or bankrupts.—Mrs. Arloline Case, Citizens Loan Company, Inc., Huntington, West Virginia.

★ ★ ★

I feel that if there is any drop in business at all, it will be a minor one which will be more than offset by the reduction of personal income tax. For this reason I still believe that the promotion of good active charge accounts is a primary concern of every credit manager. Naturally expense factors are most important and we must use promotion methods which produce the most results for the least amount of money.—F. G. Cimmerman, The Fashion, Houston, Texas.

(To be continued next month.)

dollars as wisely as possible he may sometimes be late for a haircut.

Shorn or unshorn, Bob Ross remains one of the best liked and most completely respected members of our executive staff. On this great day for all of us (especially him), we gladly doff our Cavanagh to him and offer him the services of our own barber.

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# The Credit Forum

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## Printed Notices

**EARLE A. NIRMAIER**  
**W. Wilderotter Company**  
**Newark, New Jersey**

**E**VERYONE will agree with me that the success of any credit operation lies in the collection of its accounts. Prompt collections and a continuance of the customer's business are bases on which the entire credit policy of any given store must be built.

The work, therefore, of any collection department is to a great extent corrective. The Collection Department endeavors to educate installment buyers to make payments of their obligations promptly in the future without losing their patronage.

To this end, I believe the printed notice serves as an important tool to be used in the education of installment buyers and in maintaining prompt collections and also in preventing, to a great degree, the accounts from becoming past due. As the collection of past-due accounts is a difficult job, every tool that will make this job easier should be adopted.

A decreased supply of trained personnel, as well as rising costs, makes it mandatory that high production of the typing division be maintained and possibly increased. The use of the printed form can be utilized to good advantage in this connection.

To ensure prompt collection, early dunning is an essential part of the collection job and the printed notice in the early stages of collection is useful as well as important for several reasons:

*First*, it permits the maximum number of accounts to be reached with possibly the least effort and delay.

*Second*, it is an impersonal note and being unsigned is meant to impart to the customer the significant fact that all accounts in a like condition are handled by the credit office in the same manner.

*Third*, it enables the use of a junior clerk to start the collection procedure.

With a large installment accounts receivable, the so-called first and second notices act, in effect, as a broom by sweeping away those accounts that require the gentle reminder and permit the collection man to concentrate his efforts on those accounts that require personal attention.

The present form of our first and second notices saves us considerable time in so far as typing is concerned. We have the first and second notices collated and padded with a one-time carbon sheet between the first and second notices. Both notices are aligned for name, address and account number and amount of payment due. After typing, the second notice is placed in a follow-up folder. At the end of five days the ledger card is examined by a collection clerk to see if a payment has been made. If it has, the second notice is destroyed. If no payment has

been made, the second notice is mailed. We use a window envelope for both the first and second notices.

We are now considering a new approach in the use of the first and second and possibly third notices, and that is to use a pre-stuffed envelope containing the notice. All that is then necessary will be to type the name and address on the envelope. Further steps in relation to sending a printed notice that we are now looking into is a system in use at the Mechanics Finance Co., in Jersey City, New Jersey. It consists of a sticker on which the name and address is typed with Hectograph ink. The sticker is then placed on the ledger card and the ledger card in turn, when selected for a notice, is used to print the name and address on the pre-stuffed envelope. One clerk can easily send out from 400 to 500 notices in an hour.

Altogether we use about 12 different printed notices covering equally as many collection situations. We have our own Multilith machine so that we can maintain a flexible series of printed notices. At our weekly meetings our collection men and women exchange viewpoints as to the results of the various notices we use. This prevents our retaining a letter in our series if it has proved fruitless and at the same time if we deem it necessary we change the form or forms to one we think may bring better results and it is then not necessary to have a large stock of any form on our shelves.

We also use several printed forms as reminders rather than a dictated letter or telephone call on accounts with balances of \$25.00 or less because we feel the effort and time that would be expended on these small balances could be used to better advantage on the larger past-due accounts.

### **Use of Printed Collection Notices**

We open a large number of accounts through various promotions and because of the manner in which these accounts were opened, either by telephone or by mail, we did not attempt or have the opportunity to explain that payments are due, according to our policy, one month from the date of delivery. Therefore, when payments are due and not paid, rather than send a dunning notice, we use a simple printed form telling the customer when payments are due. This is often all that is needed to start the customer paying regularly.

I am cognizant, from our own experience, of the difficulties that crop up when the printed notice or form letter is used promiscuously, for even though the account is past due the customer resents receiving numerous notices. For that reason, after the second notice is sent and no payment has been made by the follow-up date, the collection clerk refers the account to the collection man for his attention. His decision might mean a telephone call or a dictated letter, neither of which would irritate the customer as additional notices might.

Whenever a printed notice is about to be sent we think it is important to remember that just a short time before

we sent a letter thanking that customer for her patronage and extending a cordial welcome into our family of accounts. For that reason the context of our notices must at all times reflect the qualities that are inherent in a good collection department: those of courtesy, understanding, helpfulness, satisfaction—in short, all of the attributes that are part and parcel of the company policy. ★★★

## The Telephone

L. A. DUDDING  
Galperin Music Company  
Charleston, West Virginia

THE TELEPHONE has found a place in every sort of business transaction today. It prepares the way for the salesman and eliminates time and space in deals which depend on speed. In collections it has proved invaluable. It saves time. The telephone gets you past the office boys, straight to the ear of the debtor. Letters may go unanswered, or payments may be stalled off by hazy excuses and promises to "take care of it" at some future time. But a telephone conversation cuts short all this routine and comes quickly to the point, with no distractions. Those who have had experience claim that, as long as a man will answer the telephone and make some sort of promise, he is honest and will eventually pay up. It is the method of approach next best to the personal visit, and it has some advantages over that.

The telephone saves money. Stationery, dictation, postage, collectors' expenses are saved by the use of the telephone. A high-calibered man can talk to 50 debtors over the phone in the time he would take to make one call. And the percentage of returns is high. The telephone has the advantage of publicity, especially in towns where several parties are on one line. The debtor will pay because of pride. He will pay to save himself annoyance. The postman has regular deliveries while the telephone is ever present, and ever menacing.

One of the largest Chicago department stores makes it a policy to telephone debtors that the collection man will be in the neighborhood in a couple of days. The store is merely calling up so that the customer may know that the man is going to come around, to save the customer the trouble of writing a letter or purchasing a money order when it is really unnecessary. The department store will be glad to offer the same service that it does in making deliveries at the door, by sending a man to the door to collect the money. This scheme works wonderfully, for no one wants a collector around since the collector always comes when neighbors are visiting.

Evening calls are effective when you find the husband at home and inform him of the condition of the account. Usually this gets immediate results; however, there are exceptions to both of these situations. Usually that exception is your past-due account. Drastic action needs to be taken. That is one way of determining the situation. This action often leads to one party or both coming into the store where the matter can be talked over and some arrangements made to retire the account.

Diplomacy is always required. The call must appear to be a natural routine procedure—especially the first one. No antagonism must be displayed. The collector should have a good, clear voice, keep calm and cheerful, and the conversation should be two-sided. Otherwise the ad-

## "The Credit Clinic"

(Beginning on page 18.)

Blue Cross, compensation carrier, etc.) cause us problems by creating skips. This is done by their "red tape" methods which delay acceptance or rejection of the particular case. Nevertheless, after some persuasion they have been convinced that any pertinent information will aid us in a "locate." It would be heartwarming to any "skip tracer" to inspect the records of a "give-away" agency. People just talk and talk with no reservation when they seek "something for nothing." This is not so when they think they might have to pay.

John A. Ward, *Lovelace Clinic, Albuquerque, New Mexico:*  
In all the regional and national credit conferences that it has been my privilege to attend, it was indicated that the professional and clinic group has been quite successful in locating skips, other than through the use of the credit bureau. Of course, in every situation, one feels best qualified to speak relative to his own individual circumstances. In our clinic, all mail returns, or skips, are first thoroughly checked against the current city and telephone directories. By checking these, quite often a current address may be found. Also, we check the nearest relative, as well as the last known employer, if the directories do not provide a clue. Each day our local credit bureau publishes a "Daily Recorder," which lists all chattels, suits, judgments, marriages, etc. Through the courtesy of one of the local utility companies, they furnish the names and addresses of all cut-ins and cut-outs on their meters. These names are checked daily against all mail returns we receive. We also have a number of outside collectors. If the above sources have not located the skip, then one of these men is sent to the last known address. They check with all the neighbors, milk routemen, and neighborhood grocers. Quite often, they are able to locate the skip. If all the above methods fail, then we rely on a number of other sources, such as labor unions, moving and storage companies, school records, and insurance companies. In the final analysis, the best way to reduce skips to an absolute minimum is to take a complete and thorough credit application, and clear the application through your local credit bureau. By faithfully doing this, your headaches will be decreased considerably. ★★★

vantage is lost. Give the debtor a chance to explain why his account is past due. He may offer information which he would not entrust to a letter. Consideration and thoughtfulness for his situation may result in the working out of a mutually beneficial plan.

Insist on results. Be specific and secure some sort of promise. Leniency may be granted if necessary, payments made in part, or time extended. But some definite promise must be extracted. All information should be filed and followed up. If the promises are not met, follow up with further calls. The total net results of collection by phone are high. Women, especially, will sometimes say, when called, "Oh, I mailed a check," and then proceed to do so. Any misunderstandings about notices or payments are quickly ironed out. Long distance calls have the advantage of emphasizing to the debtor the importance of the business transaction. Promises are not to be trifled with. A collector with an understanding of human nature will find the telephone a faithful ally in his business. ★★★



# Comparative Collection Percentages

December 1953 vs. December 1952

DISTRICT and CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1953			1952			1953			1952			1953			1952			1953			1952		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Boston, Mass.	43.5	52.0	37.9	41.4	51.2	38.1	18.7	30.6	8.0	17.9	35.9	10.0	—	—	—	—	—	—	—	—	—	—	—	—
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	50.3	53.6	47.3	52.4	56.3	45.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	60.3	64.3	57.9	62.3	66.4	58.2	46.9	24.8	22.1	43.2	22.6	20.6	—	59.9	—	—	64.1	—	—	50.5	—	—	51.5	—
Worcester, Mass.	46.0	47.3	44.8	49.4	51.5	47.4	—	10.4	—	21.0	27.0	15.1	53.1	55.3	51.0	49.8	52.7	47.0	—	—	—	—	—	—
2 New York, N. Y.	47.3	52.9	40.6	46.4	52.7	41.1	20.2	23.0	16.6	19.9	26.7	17.3	45.7	51.3	42.6	43.8	45.0	43.5	51.3	52.9	49.7	51.7	53.1	50.3
3 Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4 Birmingham, Ala.	41.9	45.7	38.5	41.4	46.1	39.0	16.9	17.9	17.1	18.4	19.8	17.0	41.5	44.5	39.4	37.8	40.7	34.3	49.4	50.2	48.0	50.8	52.0	49.2
New Orleans, La.	37.7	44.8	30.5	42.5	44.3	40.7	12.3	16.2	8.4	14.7	20.3	9.1	—	41.1	—	—	42.5	—	47.3	50.9	43.7	46.0	49.1	42.9
Cincinnati, Ohio	52.1	56.3	49.8	52.5	55.0	50.0	14.0	18.4	11.2	15.8	20.2	11.9	60.8	69.6	52.1	59.4	67.0	51.8	—	55.3	—	—	58.5	—
Cleveland, Ohio	44.1	57.1	42.4	45.9	52.1	38.7	19.3	23.8	11.9	18.5	23.3	14.3	38.0	58.5	35.7	36.9	61.2	29.6	76.4	90.1	48.9	71.5	89.1	36.6
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5 Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Louisville, Ky.	50.4	54.0	46.9	48.6	49.3	47.9	18.4	19.0	17.8	18.0	19.3	16.7	43.0	43.7	38.9	45.1	46.7	43.4	49.4	60.2	43.0	51.1	57.7	46.4
Ottawa, Ontario	—	—	—	40.1	42.6	23.0	—	—	—	15.0	16.3	13.7	—	—	—	—	—	—	—	—	—	—	—	—
Toledo, Ohio	46.0	50.7	33.5	43.2	49.4	33.0	14.3	18.0	12.2	13.7	20.3	12.5	53.0	56.3	50.0	61.0	64.0	58.0	—	44.3	—	—	45.5	—
Youngstown, Ohio	—	38.9	—	—	41.0	—	—	13.0	—	—	15.6	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6 Des Moines, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	55.0	64.3	46.6	55.1	57.9	48.8	14.9	17.4	13.3	18.0	19.7	15.4	—	63.1	—	48.8	57.1	40.5	46.0	49.5	40.0	53.6	57.7	48.4
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 Kansas City, Mo.	50.8	59.9	41.8	50.9	53.9	47.9	12.0	16.3	7.8	13.5	14.1	12.9	—	—	—	—	—	—	54.5	65.3	48.2	56.6	65.9	50.1
7 St. Louis, Mo.	59.7	59.1	56.1	57.5	61.6	54.3	19.3	21.7	15.1	21.9	22.7	16.1	38.7	50.3	27.2	45.5	54.9	36.1	51.0	53.7	46.6	52.2	55.3	46.6
8 Dallas, Texas	52.5	57.6	46.1	55.9	61.9	47.8	—	—	—	—	—	—	51.0	34.7	43.9	49.2	54.3	41.8	54.0	58.9	41.7	53.4	62.0	40.0
9 Denver, Colo.	50.6	53.2	41.7	49.9	54.3	41.9	15.1	24.6	13.9	17.3	24.3	12.5	47.4	53.2	41.7	53.0	54.1	41.9	—	—	—	—	—	—
Salt Lake City, Utah	57.1	60.6	54.8	54.1	61.2	52.1	21.8	27.2	17.5	21.5	26.4	17.0	—	—	—	—	—	—	—	58.2	—	60.3	64.2	56.4
Spokane, Wash.	—	55.0	—	57.8	66.7	49.0	—	14.3	—	14.4	14.7	14.1	—	—	—	—	—	—	—	—	—	—	—	—
10 Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.*	55.6	63.5	49.4	55.8	61.3	43.8	15.8	16.9	14.2	16.4	16.5	13.6	—	—	—	—	—	—	50.0	71.2	43.5	52.2	58.2	43.0
Oakland, Calif.	52.9	60.7	52.3	59.4	60.3	54.7	15.1	15.7	11.9	17.2	18.2	14.3	55.0	64.9	45.2	57.9	63.8	51.9	—	54.2	—	—	51.9	—
11 Santa Barbara, Calif.*	62.1	65.4	59.2	59.9	66.6	48.1	—	—	—	—	—	—	57.6	70.3	49.5	59.6	69.8	51.5	55.7	63.5	40.7	57.5	65.1	46.1
San Francisco, Calif.	51.9	56.3	48.3	52.1	59.8	49.6	15.3	17.1	14.1	17.0	21.3	16.9	42.4	48.1	40.4	45.8	49.2	42.5	47.5	47.6	46.6	45.5	49.6	45.2
Baltimore, Md.	46.2	52.2	42.1	44.7	49.3	39.7	18.1	25.2	11.8	18.9	31.1	11.6	44.5	58.6	37.3	34.7	47.3	20.8	41.7	53.8	29.6	36.6	46.5	26.6
12 Philadelphia, Pa.	35.9	61.6	29.0	33.6	64.1	30.0	11.9	26.3	9.0	12.7	22.1	9.4	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	—	—	—	41.5	46.8	34.2	—	—	—	15.0	20.8	12.2	—	—	—	—	—	—	—	—	—	—	—	—
13 Milwaukee, Wisc.	56.3	59.5	48.0	52.7	58.5	48.6	15.9	16.0	15.8	17.6	17.8	17.4	50.6	56.7	44.6	46.9	51.5	42.3	49.9	61.2	41.2	45.2	66.4	40.0

\* Figures for November.

INSTALLMENT ACCOUNTS outstanding at department stores continued upward during November, as is customary for this time of year. Balances outstanding at the end of the month were 4 per cent above the preceding month and 13 per cent above a year earlier. The November collection ratio for installment accounts was 15 per cent, one point below the October ratio. An increase in charge accounts outstanding, largely seasonal in nature, brought month-end balances to a level 11 per cent above the preceding month.

Compared with a year ago, charge accounts outstanding were up 6 per cent. The collection ratio for November, estimated at 47 per cent, was one point below a month ago. All types of sales at department stores increased from October to November—cash sales by 9 per cent, charge-account sales by 10 per cent, and installment sales by 1 per cent. Compared with a year ago, charge-account sales were up 5 per cent, but cash and installment sales were down slightly. —Federal Reserve Board.



## Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

**The Postal Service and the Parcel Post Package:** Representative Joel T. Broyhill (R. Va.), appearing before a House Postoffice sub-committee, asked for the repeal of the two-year-old law which limits the size and weight of parcel post packages.

On January 1, 1952 the new complicated system went into effect. Representative Broyhill said that it had caused administrative headaches and had deprived the Post Office of some of its most profitable business; that only part of such business has gone to the Railway Express Agency which the law had intended to benefit. Broyhill remarks that during the Christmas rush mail clerks had accepted oversize packages "because they were hopelessly unable to explain the complicated situation."

**Progress on the Economy Front:** Post Office Department reports on economy measures. A saving of \$4,800,000 in handling the record 1953 Christmas mail was accomplished by giving regular employees overtime instead of hiring extra workers. This year the Department authorized 1,440,000 more hours of overtime for experienced personnel and hired 67,345 fewer temporary employees than during the Yule rush of 1952.

**Still Climbing in 1953:** In spite of dips in the business picture here and there, the gross national product of the United States was up to a new high of approximately \$368 billions in 1953.

End-of-year reports show that the steel industry turned out over 112,000,000 tons of steel in 1953—biggest production during a calendar year in this or any other country. And American corporations paid their stockholders a record \$9,350,000,000 in cash dividends in 1953.

**Consumer Demand:** The following table contains the latest credit information from FRB (January 4, 1954):

TYPE OF CREDIT:	Period to Nov. 30, 1953	
	INCREASE OR DECREASE:	TOTAL:
Installment credit, total	+ 3,625	21,586
Automobile paper	+ 2,502	10,358
Other consumer goods paper	+ 444	5,406
Repair and modernization loans	+ 211	1,604
Personal loans	+ 468	4,218
Noninstallment credit, total	+ 16	6,666
Single-payment loans	0	2,100
Charge accounts	+ 1	2,840
Service credit	+ 15	1,726
Total Consumer Credit	+ 3,641	28,252

**Employment Also Hit a New High:** The U. S. Commissioner of Labor Statistics reported that among

the noteworthy facts of 1953 was that employment rose to a new high, and unemployment was held to the lowest level of the postwar years. In the opinion of U. S. Commissioner Clague, these were the major factors in halting the price inflation of recent years in the face of continuing record volume of consumer demand.

**And Health Was Up Also:** The Nation's industrial health was accompanied by personal health, the Metropolitan Life Insurance Company reports. Its recital of statistics showed that the incidence of communicable disease was down and that death rates from infant mortality and various diseases were less than ever before.

**Prospects on Garnishment Legislation:** With the opening of Congress January 6, 1954, attention of those interested in the pending Curtis garnishment bill was focused on the question: "What are the prospects of hearings and action during the present session?" Is there reasonable prospect this bill will run the legislative gauntlet at a time so many important and controversial measures are before the Congress? Certain features afford a basis for legitimate optimism. First, in every Congress much legislation of this type is necessarily taken care of. The committee work goes forward steadily, and there are lulls in, and between, debates on the main issues. Furthermore, the garnishment proposal is particularly free of partisan considerations. Senator Kefauver's vigorous sponsorship of similar legislation would seem to assure this. It is a measure in the interest of sound economy, and is particularly favorable to small business. It will help take up the slack in defense spending by promoting a sounder credit structure.

The main problem would seem to be to satisfy government employee and other labor unions; to assure them that garnishment, as merely an adjunct or aid to perfecting a sounder and better credit structure, is as much in their interest as it is to the firm or individual who grants credit to them.

**Promotion:** Harold L. Schilz, former Washington Counsel, N.R.C.A., was recently named to post of Trial Examiner with the Federal Communications Commission. Here he will be passing on contested applications for new television stations.

With the advent of color, and daily expansion of black and white television, this industry alone will play no small part in absorbing slack resulting from decreased defense and related spending. Educational television—in many respects a new dimension in this nation—will also contribute. Daily it expands to greater magnitude. ★★★

# CREDIT DEPARTMENT

## Letters

LEONARD BERRY

**O**UT OF THE welter of many times conflicting and contradictory business forecasts and predictions there comes at least one clear conclusion: 1954 will be a year of hard "selling." Salesmanship is going to be the decisive factor in this period of intense competition.

The customers of 1954 are ready to buy. The vast majority of them are able and willing to pay. Personal incomes and liquid savings are at all-time highs. Inventories of merchandise are also at all-time highs. Surely then aggressive credit sales promotion is definitely indicated.

Along with the usual solicitation of new accounts and the earnest endeavor to get those now on the books to buy more, every other opportunity to build credit sales and good will should be vigorously seized. It is not always fully realized, for example, that prompt payment of accounts by customers is one of the most potent weapons in the credit sales armory. When customers are paid-up they are open-to-buy. Quick follow-up of past-due accounts in a courteous, friendly manner opens up avenues of possible new sales to those customers. Persistent and consistent collection work, therefore, is "promotional" as well as being "protectional."

Another excellent way to create new credit sales is to enlist the cooperation of the entire store personnel. It is surprising to know how often store personnel tend to be "knockers" of the credit department rather than "boosters." Credit executives should take positive steps to make sure that everyone in the store knows that new credit applicants are welcome in the credit office. They should try to get every co-worker to say something good about the credit department wherever he or she goes. This favorable word-of-mouth advertising coming from those within the organization goes far to dispel the all too common impression that the credit department is a place to avoid.

To accomplish this is a job for the credit executive. He should take advantage of opportunities to talk to the store force, tell them about the credit services the store offers. He should explain how important it is to be on the store's "side" when they hear of some unfortunate experience a customer has had. By his own friendliness and cordiality to co-workers he becomes the best salesman for the friendliness and cordiality of the credit office.

Surely the notice of acceptance of a new account is important in building loyalty at that crucial moment of the new credit customer's introduction to the store's credit department. It is worth while to spend some time on the wording and general appearance of the new account acceptance to make sure the impression is one of warm welcome and genuine pleasure.

The matter of the speed with which the acceptance is mailed is significant too. In many stores the prolonged delay in getting word to the new credit customer that her account is ready for use is far from conducive to good public relations.

These are just a few of the immense possibilities that challenge the credit department in this year of keen competition for the customer's business and good will. The credit department has a glorious opportunity to prove that credit is a dynamic force in selling.

### This Month's Illustrations

**Illustration No. 1.** A perplexing problem in procedure arises when charge purchases are made on a past-due account on which, however, for one reason or another, the store wishes to be cooperative. Such a situation is skillfully met by this fine letter used by John R. Clark, Credit Sales Manager, Monnig's, Fort Worth, Texas. Pleasure at the customer's shopping in the store is expressed while at the same time a courteous request for payment of the past-due balance is made.

**Illustration No. 2.** Here is an excellent good will letter. Elsie P. Ferris, Credit Manager, Galigher Motor Sales Company, Huntington, West Virginia, tells us that her firm has received many complimentary comments from pleased recipients. Credit executives should seize every opportunity of creating friendship for the firm by the use of such letters. Their value is enormous.

**Illustration No. 3.** All of us are searching for different ways of asking for money—ways we hope will capture the imagination of the reader. Here is a collection letter that employs a refreshingly new approach. Our thanks to Seth J. Hoders, Manager of Credit Sales, The Peerless Company, Troy, New York, for permission to reproduce this outstanding collection letter.

**Illustration No. 4.** H. A. Thompson, Manager of Credits, Neusteter's, Denver, Colorado, sends this "welcome" letter to newcomers to Denver. He reports good results from its use. Because of the constant flow of new people into progressive communities such as Denver, there are excellent credit sales promotion possibilities in a consistent program of cordial and friendly welcome to these potential credit customers.

**Illustration No. 5.** Also from Neusteter's comes this printed collection reminder. It is the first, friendly reminder of a past-due balance. It is enclosed with the statement in a regular statement envelope. Such printed notices are ideal for the early stages of collection follow-up. Inexpensive and effective, they assume that the lapse is simply an oversight and that with the reminder the customer will quickly remit.



February 15, 1954

Mrs. John C. Customer  
000 Main Street  
Your City, Your State

Dear Mrs. Customer:

It is gratifying to know that you were shopping in our store recently.

Your purchases are always appreciated and we are glad to charge them to your account; although a portion of the balance on your account represents purchases dating back to October 1953.

We are confident you do not realize a part of your account has been owing this length of time and will appreciate having it called to your attention.

Our chief aim is to render a friendly service that makes shopping always a pleasure as well as a convenience.

Your patronage is sincerely appreciated.

Sincerely  
HONNIG'S

February 15, 1954

Mrs. Modern Shopper  
1234 Fifth Avenue  
Troy, New York

Dear Mrs. Shopper:

You know, people will collect just about anything.

Stamps, of course...

but also matchbooks...

shaving mugs...

and even old bones.

But there's one thing

we all like to collect (from time to time)

-- and that's money.

Our records indicate that unless it came recently -- we have not received payment from you to cover your past-due balance.

Won't you mail us your check today?

Very truly yours,

THE PERLBERG COMPANY

*Edith A. Roberts*  
EDITH A. ROBERTS  
Manager of Charge Sales

PLEASE ACCEPT THIS as a friendly reminder of the overdue balance brought forward on the attached statement.

Or, if you have made a recent payment, accept our appreciation for your attention.

If we are in error in any way, please let us know.

HEUSTETER  
Credit Department

February 15, 1954

Mrs. John G. Brown  
000 Main Street  
Huntington, West Virginia

Dear Customer Brown:

It's not very often that I enjoy the pleasure of writing you a few lines. Not that I don't want to--but I'm usually so busy writing 'please remit' and similar letters that I find myself passing over your splendid record with a mental note 'well account.'

However, I'd like to take a minute today to put into words the feeling that exists throughout the years. So--a grateful and sincere 'thank you' for your continued business and record of consistent promptness with us. You have established a credit rating in which we share your justifiable pride.

Each succeeding year will, I am sure, add more and more to our pleasant association. We here at Galigher's, shall try always to deserve your friendship and good will.

Sincerely,  
*Philip P. Ferris*  
Credit Manager

Mrs. John C. Customer  
000 Main Street  
Your City, Your State

Dear Mrs. Customer:

It is with more than usual regret that we miss your name among the many thousands of charge customers who are daily making use of this convenient method of purchasing.

We at Heusteters are specialists in fashion....we make fashion quality our business. We cater to people like yourself, who desire specialized service in their fashion purchases.

All you need to do to open an account is sign and return the enclosed application in the postage prepaid envelope. A Charge-Plate will be sent you, and the account will be ready for your use, or if you already have a Charge-Plate slip in and let us notch it for your account with us.

Cordially yours,

HEUSTETER  
*H. A. Thompson*  
H. A. Thompson  
Manager of Credits

# Editorial COMMENT



## Two Important Suggestions

While "Promoting Credit Sales" led the list in replies to the question "What Is the Most Important Retail Credit Problem for 1954?" important suggestions were received pertaining to the acceptance of credit risks. They were:

A. That there be a proper investigation of all applicants for credit.

B. That credit risks be screened carefully and care exercised in the acceptance of applications.

In addition to the importance of checking applications through the Credit Bureau and the screening of credit risks, applications and credit reports should be examined carefully for type of employment, length of service and possible future employment in the same line of work.

In some sections skips are reported on the increase due to relocation of industry, curtailment of activities and the resultant change in employment.

In the January issue of "Nation's Business," reference was made to removals in 1953. It stated that 36,000,000 (22 per cent of population) U. S. citizens changed their addresses.

Professional and skilled workers moved most, and the reasons given were: looking for better homes—better jobs—better health—better living.

In the taking of an application it is advisable to obtain the essential information as outlined below:

1. Given name, middle initial and correct spelling of last name.
2. Full name of wife.
3. Number in family.
4. Last residence address and, if resided there less than two years, the last previous address.
5. Whether owns home, boards or rents.
6. Name of employer. If more than one position held in the past three years, name of former employers covering that period of time.
7. Positions held and, if possible, the department in which the applicant was employed.
8. Names and addresses of trade references, both open credit and installment.
9. Bank references, and whether checking or savings accounts.
10. Name and address of one friend and one relative.

*Following the suggestions above will result in more profitable credit business.*

*L. Shouder*

General Manager-Treasurer  
NATIONAL RETAIL CREDIT ASSOCIATION



ATTENTION . . . PHYSICIANS AND DENTISTS . . . HOSPITALS AND CLINICS  
Reduce Your Credit Losses and Speed Up Your Collections with the New . . .

## Physicians and Dentists Credit and Collection Manual

### SEVEN CHAPTERS

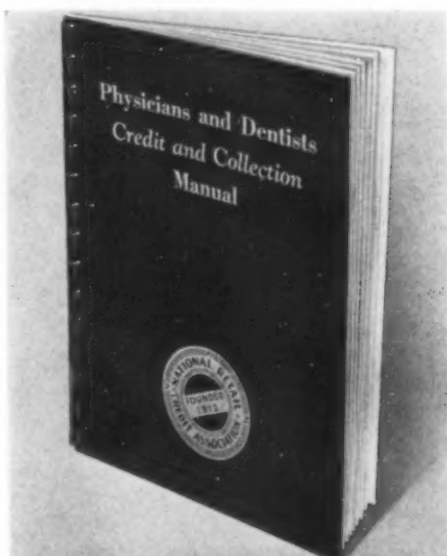
CHAPTER 1—Something about Retail Credit  
CHAPTER 2—Securing and Interpreting Credit Information  
CHAPTER 3—Setting Up the Account and Billing

CHAPTER 4—Collection Procedures  
CHAPTER 5—General Business Correspondence  
CHAPTER 6—Some Special Problems of the Professional Office

CHAPTER 7—You and Your Job

64 pages

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There is considerable room for improvement in medical and dental credit and collection procedures. Use of this MANUAL should result in increased earnings for medical and dental offices and also have an important bearing on the soundness of consumer credit generally. Approved by outstanding medical credit executives and includes many suggestions made by them. Written especially for the medical office assistant who has other duties in addition to responsibility for credit extension and collection of accounts.

A PRACTICAL AND INDISPENSABLE HANDBOOK FOR THE GUIDANCE  
OF THE OFFICE ASSISTANT—PRICE \$2.00 POSTPAID

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- What action should a Merchant take to protect himself when credit is requested by a person classified 1A or 3A by his Draft Board?
- What kind of form should be used when there is a voluntary "give-up" of merchandise by a service man or his dependents?
- Can a service man waive the benefits of the Relief Act?
- When will a waiver made by a guarantor be valid under the Relief Act?
- When is it possible to repossess goods from the dependents of a service man without a court order?
- Can a service man's wife be evicted for nonpayment of rent?
- Why is it necessary to ascertain whether a person is in military service or not before bringing action against him through the courts?
- When is it necessary to file an affidavit as to the military service of the defendant?
- Can a service man secure a stay of proceedings in connection with a judgment entered against him prior to his induction?
- Can a service man succeed in having the carrying charges reduced to 6 per cent per annum during his military service in connection with an installment contract made prior to his induction?
- Does a storage company require a court order to enforce its lien against a service man's goods?
- Is the period of military service to be used in computing the time within which a debt will be outlawed?
- What relief does the Relief Act provide in connection with income taxes owing by a service man to the Government?
- How long will the Soldiers' and Sailors' Civil Relief Act remain in